

City of Minneapolis
Financial Status Report as of 2nd Quarter 2003
Prepared by the
City of Minneapolis Finance Department
Revised August 18, 2003

City of Minneapolis

Interim Financial Report Index for the 2nd Quarter of 2003

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THE REPORT

The report consists of two sections. The first section of the report includes the Business line review and Economic Outlook. The second section includes detailed schedules and analysis of the results of individual funds thru June 30, 2003.

BUSINESS LINE REVIEW

The City's business activities are accounted for in funds and these funds are divided into two major groupings. Governmental funds and Proprietary funds.

Governmental Funds

Governmental Funds account for services and goods provided within the government and are primarily supported either directly or indirectly by taxes. These groupings include General fund, Special Revenue Funds, Capital Projects, Debt Services, and Agency funds. Governmental funds use the modified accrual basis of accounting to record transactions.

The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is projected to end fiscal year 2003 with a decrease in fund balance of about \$4.9 million. The fund balance for the General Fund at fiscal year-end 2002 was \$46.1 million. If the current projection stands, the fund balance at year-end would be about \$41.2 million. Current year activity includes the use of \$8.7 million of prior year fund balance for current year Job Bank-related expenditures, per Council action. The City's policy is to maintain a minimum fund balance of 10% of current expenditures for the General Fund and the projected balance would be within this requirement.

The **Convention Center Fund** accounts for the operating activities of the Convention Center and for the City's sales tax and other related taxes. All of the tax revenue received by the Convention Center is used to support the Convention Center's capital and operating activities except the entertainment tax. The entertainment tax revenue is transferred to the City's General Fund and Arena Reserve Fund.

The hospitality industry is continuing to be hit with the adverse effect of the current economy and the lingering effects of the national tragedy. The Convention Center revenue is projected to be about 13% below budget for the year and we expect expenditure savings of about 1%. Current projected revenue and expenditures are expected to result in a deficit of \$4.8 million reducing the fund balance to about \$19.4 million.

Grant Funds are used to record grant related activities. Fund 0300 represents all of the federal grant activity. Fund 0400 captures the Housing and Urban Development grants for community development and housing related programs. This fund includes the Community Development Block Grant, Emergency Shelter Program, HOME Investment Partnership Program, and Housing Opportunities for People with Aids. Fund 0600 is used to record all of the non-federal sources of restricted revenue. For this report purpose we have highlighted the CDBG funds since it's the largest grant that the City receives and provide funding for multiple City departments.

Proprietary Funds

Proprietary funds operate, more or less, like a business and are assumed to be self-supporting. Proprietary funds are normally grouped into two subsets: Internal Service funds, which sell goods and services internally to other government units; and, Enterprise funds which sell goods and services to third parties. The rates charged by these business are supposed to cover the full cost of providing the good or services sold by the fund- including the cost of maintaining, replacing, and expanding the fund's capital assets. Proprietary funds uses full accrual accounting.

Enterprise Funds are City owned businesses that sell goods and services to third parties. Excluding the MCDA enterprise activities and the River Terminal, the City operates four enterprise funds.

A snapshot of these funds follows:

Enterprise Funds						
(In Thousands)						
Fund	12/31/02 Net Assets	Projected			12/31/03 Net Assets	2002 Net Income
		Revenue	Expense	Net Income		
Sewer Utility	293,665	66,675	55,900	10,775	304,440	12,492
Solid Waste	13,212	27,670	27,233	437	13,649	2,229
Water Utility	111,612	64,363	47,872	16,491	128,103	7,651
Parking	80,233	51,256	54,334	(3,078)	77,155	2,440

The City's enterprise activities are in good condition. All of these funds have positive net assets at the beginning of the year and based on our projection and we expect to end the year with a positive net asset balance as well.

Sewer Utility Fund accounts for sewage interceptor and treatment services and the storm management activities including the Combined Sewer Overflow program. With a rate increase in 2003 and expenses under the budget this fund is expected to show net income at the end of the year.

Solid Waste Fund accounts for the City's solid waste collection, disposal, and recycling operations. The fund is expected show a gross margin of about \$2 million, and net income of about \$440,000.

Water Utility Fund accounts for the operation and maintenance of a water delivery system for the City and several suburban city customers. This fund is expected to show a gross margin of about \$21.5 and net income of about \$16.5 million. This fund is in excellent condition.

Parking Fund accounts for the operation and maintenance of parking ramps, lots, on street parking meters, a municipal impound lot, and traffic/parking control. Prior to 2001 actual revenue performance has been better than budgeted and since September of 2002 revenue has dropped. This is primarily due to the economic conditions, high office vacancy rates, and major street constructions in close proximity to parking facilities. Although the fund is expected to end the year with an operating margin of \$14. 9 million, with all non-operating expenses including transfers the fund is expected to show a net loss of about \$3 million.

Internal Service Funds remain the largest financial challenge for the City of Minneapolis. An overview of the City's Internal Service funds is as follows:

	Internal Service Funds				
		2003 Projected			Projected Balance
Fund	Beg Net Assets	Revenue	Expense	Net Margin	Dec. 31, 2003
Engineering, Mat, and Testing	1,489	3,611	3,416	195	1,684
Equipment Fund	2,201	35,939	32,695	3,244	5,445
Property Services	30,641	10,642	10,561	81	30,722
Public Works Stores	11,722	3,717	3,513	204	11,926
Intergovernmental Fund	(40,850)	22,586	24,998	(2,412)	(43,262)
Self Insurance	(43,255)	57,964	56,877	1,087	(42,168)

Areas of particular note among the Internal Service Funds are:

The **Intergovernmental Service Fund** continues to lose money as anticipated and detailed in the Council adopted deficit reduction plan. The decrease in the fund's equity position was caused by the result of recognizing capital assets along with the Bonds issued for these assets resulting in a negative adjustment of about \$21.7 million. Based on our preliminary projections, it appears that the fund will continue to perform within the gross margin requirements of the deficit reduction plan.

The **Equipment Fund** continues to generate positive operating margin and based on our preliminary projections, the fund will end the year with a positive net income. The fund's net asset position was also increased as a result of recognizing additional capital assets in the fund as required under GAAP. This resulted in a positive prior period adjustment of about \$7.6 million.

The **Self-Insurance Fund** continues to show a net profit but currently is under-performing the workout plan.

The **Engineering Materials and Testing Fund** reported a net loss for the seventh consecutive year in 2002. Current year projections show a small net profit at year-end.

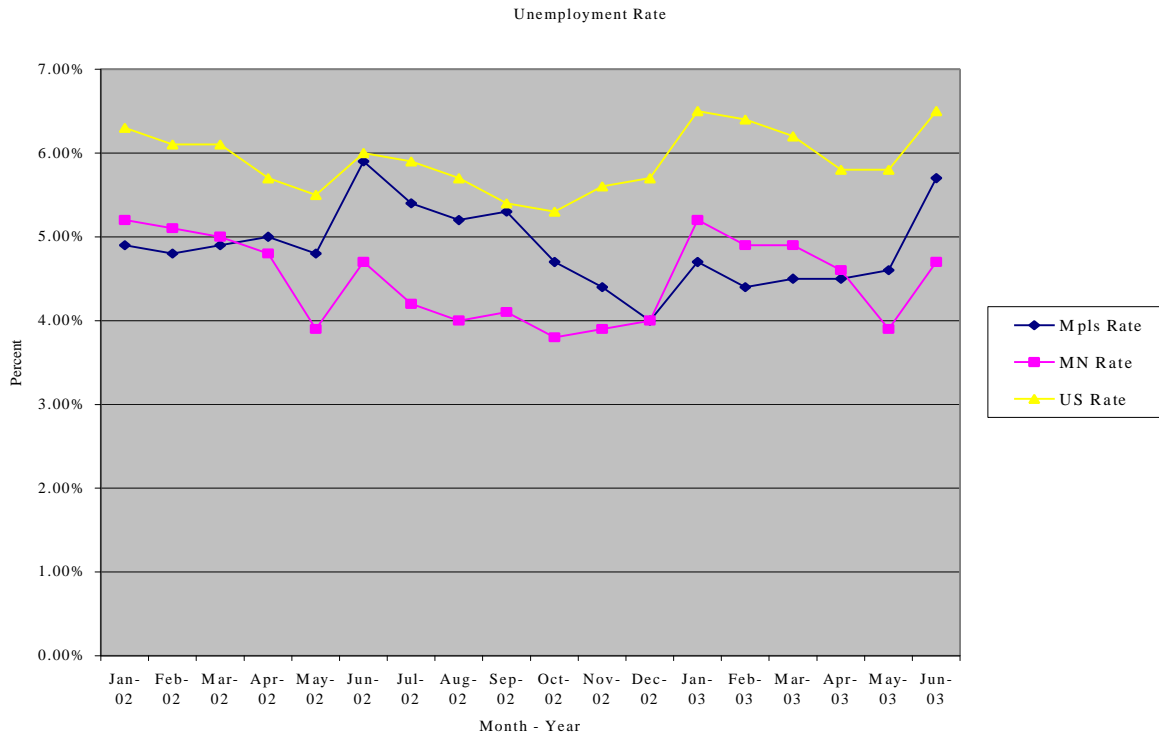
The rest of the internal service funds are in relatively better position.

ECONOMIC CONDITIONS AND OUTLOOK

The following key indicators provide highlights on the City's economic outlook and future budget impact.

Employment

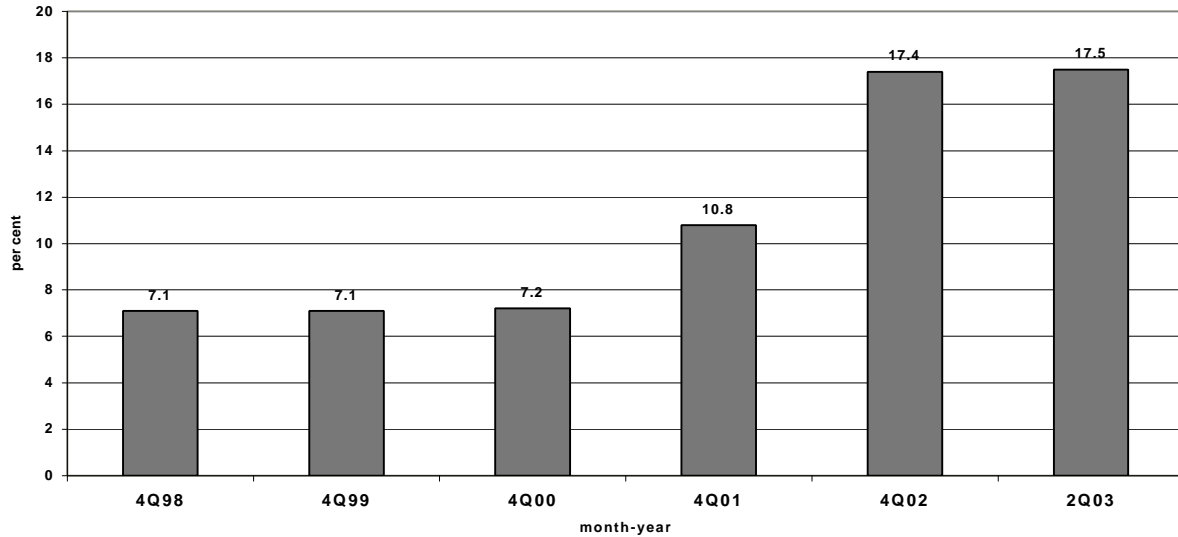
Employment is a measure of both the current state of the economy and an indicator of near-future activity. The State of Minnesota Department of Economic Security (DES) collects and publishes local, state, and national employment statistics. According to their second quarter report, the unemployment rate has increased at the City, State, and Federal level since the end 1st quarter. The unemployment rate for the City of Minneapolis at the end of June 30, 2003, as released by the Minnesota Department of Economic Security, is at 5.7%.



Downtown Office Space – Vacancy Rate

Like employment statistics, real estate statistics can be good indicators of both the current health of the real estate sector of the economy and of possible future trends. Because of the importance of real estate taxes as a source of local government revenue, real estate statistics are an important economic gauge for municipalities. Several commercial real estate companies compile and report important real-estate statistics. The Towle Company regularly reports on local real-estate conditions twice annually. Towle's statistics indicate an increase in vacancy rates in the Minneapolis Central Business District (CBD). Compared to 2001, the CBD vacancy rate in 2002 increased from 11.9% to 17.4% with a negative absorption in the last six months of 2002 equaling 775,624 square feet. Towle's second quarter report shows that the vacancy rate has gone up to 17.5% since the end of 2002.

**Minneapolis Central Business District (Downtown)
Office Vacancy Rate**



Lower rental rates, excess space, and higher concessions imply lower cash flows from office buildings which, in turn, lowers their taxable value. Lower taxable values on business property increases the amount of the real estate tax levy borne by residential properties. In 2002, the City's tax collections were mildly adversely affected by a tax-court ordered adjustment to the valuation of one office building in the CBD.

General Fund

Fund Description

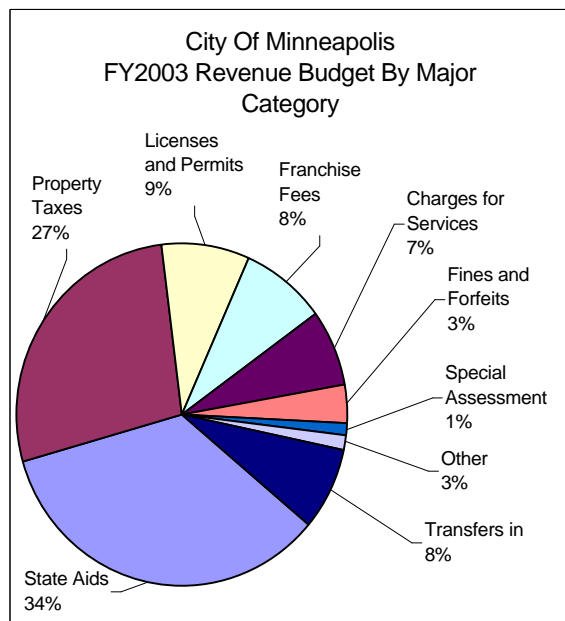
The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Financial Performance

The General Fund is projected to end fiscal year 2003 with an decrease in fund balance of about \$4.9 million. The fund balance for the General Fund at fiscal year-end 2002 was \$46.1 million. If the current projection stands, the fund balance at year-end would be about \$41.2 million. Current year activity includes the use of \$8.7 million of prior year fund balance for current year Job Bank-related expenditures, per Council action. The City's policy is to maintain a minimum fund balance of 10% of current expenditures for the General Fund and the projected balance would be within this requirement.

A financial schedule for the General Fund is provided in the Appendix section of this report.

General Fund Revenues:



The five largest revenue sources account for 85% of total budgeted revenues: State aids, Property taxes, Licenses and permits, Franchise fees, and Charges for services.

State aids, the major source of General Fund revenue (34%), are projected to equal the current estimated revenue of \$84.0 million. However, in addition to the state aid cuts already made in 2003, state aids are expected to be reduced further in 2004 due to the State's budget crisis.

Property taxes, the second major source of revenue (27%), appear to be on track at quarter-end and are expected to meet the budget at the end of the year.

Licenses and permit fees, the third major source of revenue (9%), also appear to be on track and are expected to meet the budget at the end of the year.

Franchise fees for natural gas received by the City for the first half of 2003 are up about \$2.1 million from a year ago for the same period. In 2003, the City has received higher franchise fees for natural gas due to a natural gas shortage resulting in significantly higher prices, which is expected to continue through the end of the year. Based on the collections received thru June, franchise fees are expected to be about \$25.4 million or about 25% above the estimated revenue of \$20.4 million.

Charges for services revenue is currently expected to meet the budget by the end of the year.

Fines and Forfeits revenues thru June are up by about 6% from a year ago, but are expected to be about \$1 million less than the current estimated revenue of \$8.4 million.

Special assessment revenues received through May as part of the property tax settlement were not posted until July – taking this into account, special assessment revenues for the year are expected to meet the current budget.

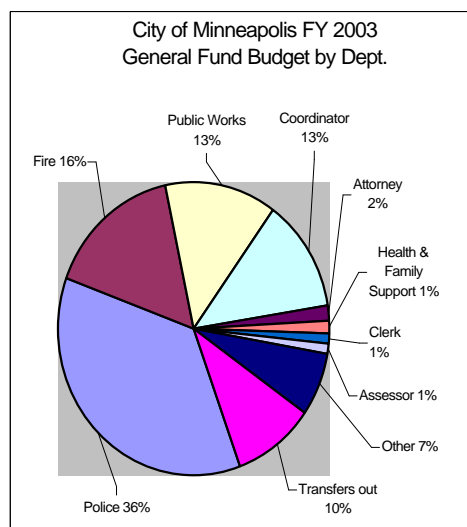
Investment income has historically been budgeted conservatively – thus, actual investment income is expected to exceed the current budget.

Other shared taxes are expected to be less than half of the current budget due to the transfer of some county grant revenue in Public Works from the General Fund to the Sewer Fund, and smaller than expected overall county grant revenue to date in Public Works.

Other miscellaneous revenues are expected to be about 75% of the current budget primarily due to less than expected miscellaneous revenues in the Fire Department, Public Works - Field Services, Grants and Special Projects, Inspections, and miscellaneous general revenues.

All other General Fund revenues and transfers are currently projected to meet the estimated budget at the end of the year with no significant variances.

General Fund Expenditures:



Three departments make up nearly two-thirds of the total General Fund expenditures: Police, Fire, and Public Works. Small percentage variances in any of these large departments can have a significant effect on the total dollar value of General Fund expenditures.

At the end of June, the Police Department's expenditures incurred to date are about \$47.8 million and, at the current rate of spending, their projected expenditures would be about \$2.8 million over their current budget at the end of the year. The Police Department's current budget is expected to be further amended, in addition to state aid-related cuts made to date, to reflect reimbursements from the Waterworks enterprise fund to cover the staffing costs of about \$700,000 to provide additional security services for the City's water plants.

After an expected mid-year appropriation increase of \$1.975 million (currently budgeted in non-departmental agency) to cover the costs of backpay, overtime, and vacation and comp. time payoffs, the staff has also recognized that the department's original appropriation was under budgeted by about \$1.3 million for merit and other pay increases. In addition, a reduction in contractual services expenditures of \$0.5 million is expected to be made before year-end. With these adjustments, the Police Department is expected to be about \$0.9 million or 1% over budget at year-end.

The expenditures of the two other major departments, Fire and Public Works, are under the 50% mark and are expected to be within the budget at year-end.

The City Clerk's expenditures show a significant increase (17%) over the budget due to staff turnover and personnel reductions not yet being fully reflected as of the end of the second quarter. Non-personnel expenditures are significantly under the current budget as of the end of the second quarter, helping to offset some of the higher than expected personnel expenditures.

The expenditures of the Civil Rights office appear to be slightly higher (6%) than budgeted at the end of June due to expenditures for personal services and contractual services being charged to the General Fund rather than to the CDBG Fund, where they were budgeted. Once corrections are made for these expenditures and spending is controlled for the remainder of the year, Civil Rights expenditures for the year are expected to be within budget.

The current Non-department budget includes \$10.268 million in contingency, including funds set aside for transition relating to budget cuts made earlier this year. Year-to-date adopted Council actions, plus expected expenditures based upon year-to-date activity, have had the following effect on General Fund contingency:

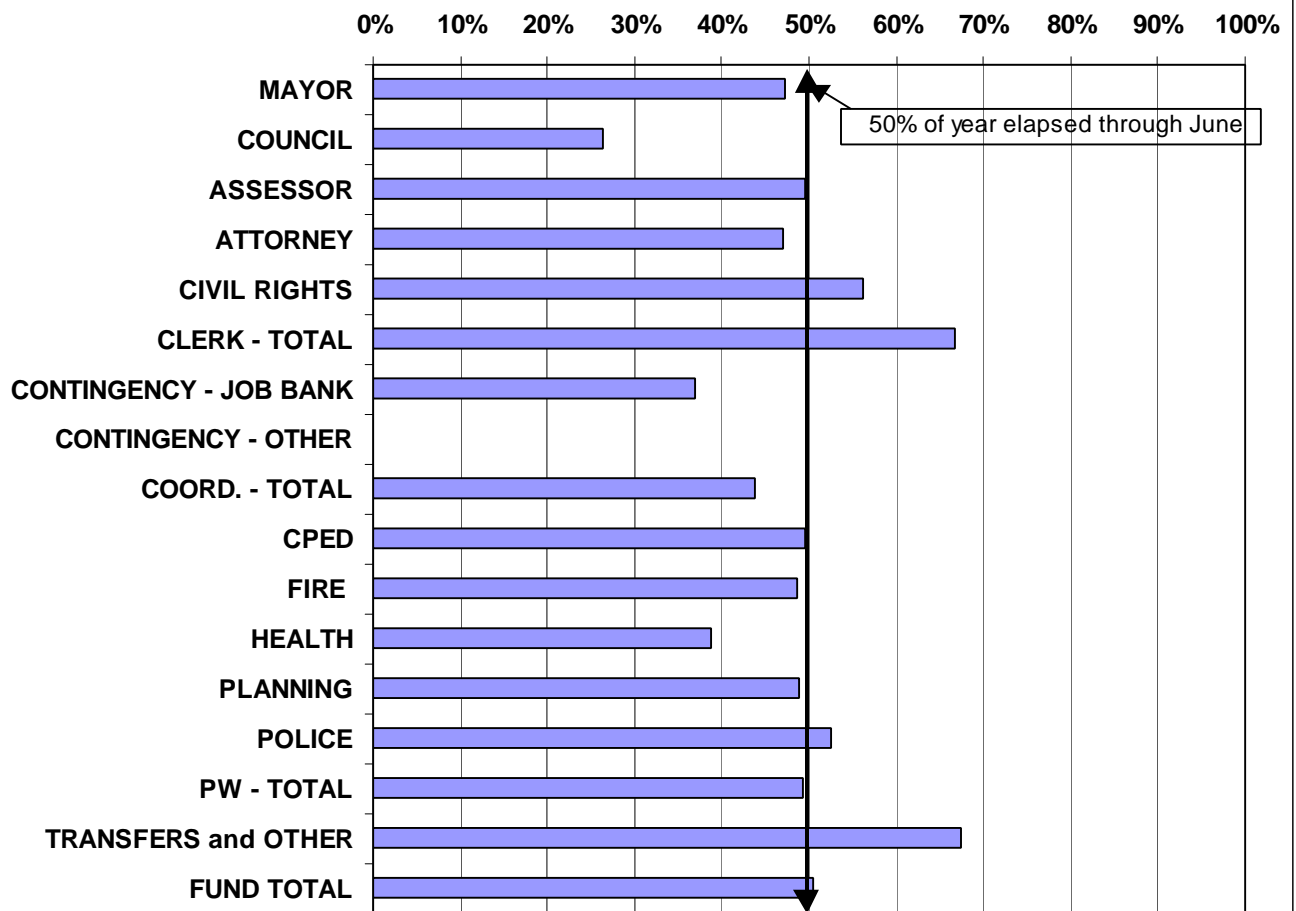
2003 Contingency Budget (current)	\$10,267,610
Less actions taken to date (job bank expenditures)	(\$3,210,000)
Less needed contingency through year end to cover job bank expenditures (see below)	(\$4,000,000)
Total Remaining 2003 Contingency by year end	\$3,057,610

Through the end of June, approximately \$3.21 million in Job Bank benefit costs had already been charged to this account. It is estimated that an additional \$4.0 million will be needed by year-end to cover these Job Bank-related expenditures.

As far as the TRANSFERS and OTHER (Non-Department) category above is concerned, some expenditure transfer entries have been duplicated, resulting in actual transfer amounts being about 25% over current budgeted amounts (also shown on next page). After correcting entries have been made, expenditure transfers are expected to be equal to the current budget.

The expenditures for several departments are running below the current budget through the second quarter. The main reasons for the decrease in their spending levels is due to the citywide hiring freeze implemented earlier this year and personnel reductions in response to state aid cuts and the resulting savings in personal services costs. Since the budget control is at the department level, it is difficult to project how much of these savings will materialize at the end of the year. However, the current level of expenditures at this point confirm that total General Fund expenditures at the end of the year would be about equal to or less than the current appropriation barring any unexpected events

City of Minneapolis FY2003 General Fund Exp by Dept



City of Minneapolis

General Fund June 30, 2003

Revenues:

(by source in decreasing order of size)

	Actual Results through Jun.	Total Annual Budget as Adjusted through Jun.	Percent of Total Adjusted Budget Through Jun.	Projected YE Totals	Projected YE Actual as Percent of Adjusted Budget
State Aids (1)	3,307,555	83,979,904	4%	83,979,904	100%
Property Taxes	25,212,567	66,904,951	38%	66,904,951	100%
Licenses and Permits	9,650,405	21,007,723	46%	21,007,723	100%
Franchise Fees	11,600,224	20,428,000	57%	25,450,000	125%
Charges for Services	5,712,521	17,578,604	32%	17,578,604	100%
Fines and Forfeits	3,387,413	8,395,777	40%	7,400,000	88%
Special Assessments (1)	(107,705)	2,834,300	-4%	2,834,300	100%
Investment Income	856,137	1,231,100	70%	1,712,000	139%
Other Shared Taxes	181,097	770,143	24%	328,000	43%
Other Miscellaneous	196,170	652,833	30%	490,000	75%
Charges for Sales	181,084	397,380	46%	397,380	100%
Contributions	350	297,500	0%	297,500	100%
Rents	10,060	5,600	180%	20,000	357%
Total Revenue before Transfers	60,187,878	224,483,815	27%	228,400,362	102%
Transfers in	9,495,352	18,978,703	50%	18,978,703	100%
Fund Total - Revenues and Other Sources	69,683,230	243,462,518	29%	247,379,065	102%

Expenditures :

(department by decreasing budget size)

POLICE	47,760,107	91,113,567	52%	91,911,591	101%
FIRE	20,097,966	41,238,861	49%	41,238,861	100%
PW-TOTAL	16,389,303	33,282,926	49%	33,282,926	100%
COORD.-TOTAL	13,965,524	31,897,800	44%	31,897,800	100%
CONTINGENCY – JOB BANK	3,209,575	8,700,610	37%	7,210,000	83%
ATTORNEY	2,076,440	4,425,536	47%	4,425,536	100%
HEALTH	1,357,976	3,500,537	39%	3,500,537	100%
TOTAL NON-DEPT.- OTHER (2)	(307,968)	3,418,151	-9%	3,418,151	100%
CLERK - TOTAL	1,754,876	2,630,303	67%	2,630,303	100%
ASSESSOR	1,288,169	2,601,114	50%	2,601,114	100%
COUNCIL	555,131	2,096,358	26%	2,096,358	100%
CIVIL RIGHTS	980,060	1,747,288	56%	1,747,288	100%
PLANNING	798,759	1,634,938	49%	1,634,938	100%
CONTINGENCY - OTHER	0	1,567,000	0%	1,567,000	100%
MAYOR	409,796	868,571	47%	868,571	100%
CPED	123,993	250,000	50%	250,000	100%
UNFUNDED PENSION EXPENSE	(921,478)	(2,382,131)	39%	(2,382,131)	100%
Fund Total Expenditures	109,538,229	228,591,429	48%	227,898,843	100%
TRANSFERS OUT	18,372,682	24,421,597	75%	24,421,597	100%
Fund Total - Expenditures and Other Uses	127,910,911	253,013,026	51%	252,320,440	100%

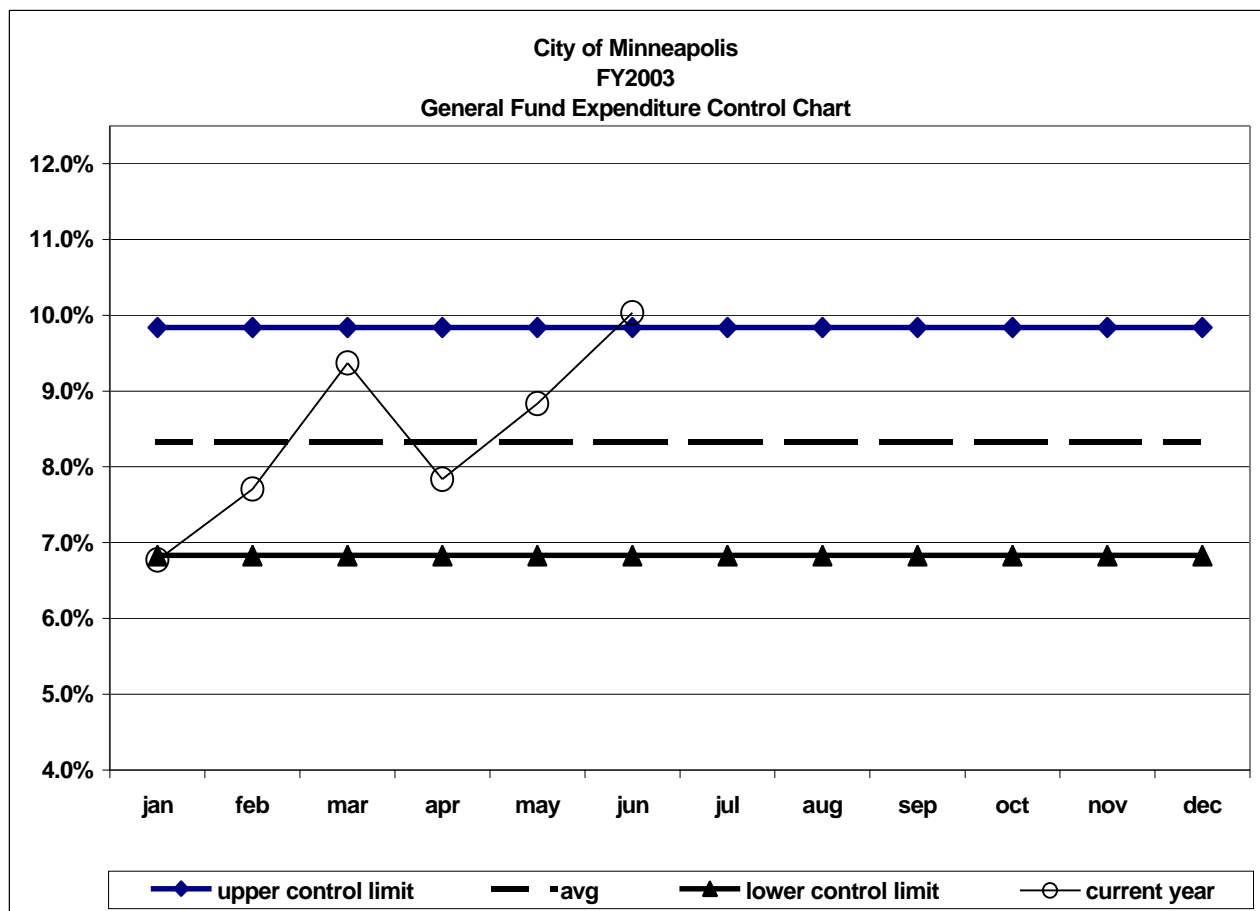
Projected change in Fund

Balance

(4,941,375)

(1) State aid and special assessment revenues for the first half of the year were not posted until July. Also, a prior year reversing entry was posted to special assessments in the second quarter.

(2) Includes expected mid-year appropriation increase of \$1.975 million to Police Department to cover the costs related to the labor contract settlement



The expenditure control chart is a tool for management to see whether expenditures are within “acceptable” limits - whether expenditures are “under control”.

Actual expenditures for FY2003 are indicated by solid line with circle markers.

Rules for interpreting the control chart:

1. Whenever a data point falls outside the upper or lower control limits, it indicates a possible lack of control that should be investigated immediately.
2. Whenever four out of five successive data points are on the same side of the mid-line and all are closer to the upper or lower control limit than they are to the mid-line, there is the possibility of lack of control.
3. Whenever eight or more data points lie on the same side of the mid-line, there is a possible control problem.

Through June, the control chart suggests General Fund year-end expenditures will be within current FY2003 budget. Expenditures remained within the upper and lower control limits during the first quarter and all but June of the second quarter. Personnel savings through the first two quarters are essentially permanent and will offset potential overspending in non-personnel areas through the end of the year.

Source: adapted from U.S. Navy, Handbook for Basic Process Improvement, May 1996.

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Second Quarter Convention Center Special Revenue Fund Report

The Convention Center Fund accounts for the operating activities of the Convention Center and for the City's sales tax and other related taxes. All of the tax revenue received by the Convention Center is used to support the Convention Center's capital and operating activities except for the entertainment tax. The entertainment tax revenue is transferred to the City's General Fund and the Arena Reserve Fund

Revenue

Tax Revenue

The Convention Center Special Revenue Fund activity is funded from local tax receipts and Convention Center operating revenue. Tax receipts are made up of a .5% citywide sales tax; a 3% food and liquor tax applied to core downtown establishments; a 3% citywide entertainment tax; and a 3% citywide lodging tax for motels and hotels with 50 units or more. In April 2002, the citywide lodging tax rate increased from 2.0% to 3.0% accounting for the large tax variance.

Tax	June 2003	June 2002	Variance
Sales	12,848,547	12,849,885	(1,338)
Entertainment	3,802,087	3,467,741	334,346
Food	3,654,426	3,738,061	(83,635)
Liquor	1,416,243	1,440,439	(24,196)
Lodging	1,947,806	1,607,062	340,744
Total	\$ 23,669,109	\$ 23,103,188	\$ 565,921

In total, tax proceeds exceed 2002 levels by just over 2% but are projected to be slightly under budget for the year. Sales tax revenues are expected to be slightly over the previous year's collection. However, based on the current collections, it will be about \$2.6 million less than the budget estimate for 2003. We expect to see an increase in the entertainment tax collection from 2003 of approximately \$800,000. Hospitality industry officials are cautious about the 2003 prospects for the industry having sited the extended bar closing time from 1:00AM to 2:00AM as a source of additional tax revenue to the City and local businesses, but also stating that the hospitality industry is a buyers market requiring sales efforts to not only sell future space but also to retain current bookings as well.

Operating Revenue

Operational revenue is derived directly from the Convention Center. Cash deposits for space rental are required in advance of the actual event. Equipment rental and Tallmadge Building space rent, a Class C multi-story office building managed by the Convention Center due to its proximity, account for the other sources of rental income. Privileges refer to food and beverage catering commissions. Charges for services to exhibitors or shows, audio visual service to clients, labor charges, cleaning services, coat check fees, and parking proceeds.

On July 1, 2003, the Convention Center parking ramp was opened to the public. 2003 is the first full year of the Convention Center expansion operation. The Convention Center experienced a strong first quarter in 2003 with revenue earnings at 30% of annual projections. This is in part due to additional contracted services being provided to clients such as additional security and

police services and fire marshalling services. However, even with the strong first quarter the Convention Center operating revenue is projected to be about 13% below budget for the year.

Operating Expenditures

Second quarter operating expenditures for the fund are within budget and year-end cost savings are anticipated which will help cover some revenue shortfalls. Through the second quarter, Convention Center expenditures are within 45% of their budget and 1-% expenditure savings is projected for the year by the Center. Current projected revenue and expenditures result in a \$4.8 million deficit to the Fund reducing the fund balance to an estimated \$19.4 million.

Transfers

The Convention Center Fund annually transfers a share of its tax revenue to several other funds. It is anticipated that the transfers will be as budgeted with the exception of the transfer of the entertainment tax to the General Fund and Arena Reserve Fund, which are projected to be higher than budgeted by an estimated \$1.2 million.

Convention Facilities Reserve Fund

The Convention Facilities Reserve Fund was established as a holding fund for future capital needs of the existing Convention Center. Approximately one million dollars are transferred annually from the Convention Center Fund for this purpose. Fund balances held in the Reserve Fund at year end will total six million dollars.

Arena Reserve Fund

Like the Convention Facilities Reserve Fund, the Arena Reserve fund was established as a holding fund for the acquisition and capital maintenance costs of the Target Center as determined by the Target Center Finance plan. Transfers to debt service are made annually from the fund. Transfers from other City funds generate fund revenues for Target Center related revenue.

CONVENTION CENTER SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal quarter ending June 30,2003

CITY OF MINNEAPOLIS, MINNESOTA

	2003				2002 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	Year End Projection	
REVENUES:					
Taxes:					
Sales and use tax	28,166,000	12,848,547	(15,317,453)	25,536,000	25,282,500
Entertainment tax	7,194,000	3,802,087	(3,391,913)	8,387,000	7,488,380
Food tax	7,892,000	3,654,426	(4,237,574)	7,677,000	7,753,421
Liquor tax	2,822,000	1,416,243	(1,405,757)	2,815,000	2,871,150
Lodging tax	3,065,000	1,947,806	(1,117,194)	4,500,000	4,166,297
Total taxes	49,139,000	23,669,109	(25,469,891)	48,915,000	47,561,748
Charges for services and sales	4,742,800	1,980,264	(2,762,536)	4,590,000	3,248,711
Interest	1,146,271	187,860	(958,411)	350,000	346,619
Miscellaneous revenues:					
Rents and commissions	7,090,200	3,816,653	(3,273,547)	5,700,000	5,737,652
Private Contributions	301,185	250,000	(51,185)	301,000	599,619
Privileges	2,425,000	1,290,399	(1,134,601)	2,105,000	2,203,667
Other	7,500	2,733	(4,767)	5,000	4,162
Total miscellaneous revenues	9,823,885	5,359,785	(4,464,100)	8,111,000	8,545,100
Total revenues	64,851,956	31,197,018	(33,654,938)	61,966,000	59,702,178
CURRENT EXPENDITURES:					
General government:					
Coordinator-Finance	308,861	153,738	155,123	250,000	225,348
Coordinator-Human resources:	57,241	27,671	29,570	55,000	51,173
Miscellaneous: Retiree incentive	-	-	-	-	-
Total general government	366,102	181,409	184,693	305,000	276,521
Economic development:					
Community services:	-	-	-	-	-
Convention and visitors association:	6,730,000	5,110,000	1,620,000	6,730,000	7,001,918
Convention center:	21,112,288	9,416,915	11,695,373	20,914,000	17,882,861
Convention center completion:	-	-	-	-	93,335
Total economic development	27,842,288	14,526,915	13,315,373	27,644,000	24,978,114
Total expenditures	28,208,390	14,708,324	13,500,066	27,949,000	25,254,635
Excess of revenues over (under) expenditures	36,643,566	16,488,694	20,154,872	34,017,000	34,447,543
OTHER FINANCING SOURCES (USES):					
General Fund Transfer	(6,313,000)	(3,156,500)	3,156,500	(7,187,000)	(5,840,875)
Arena Reserve Fund Transfer	(881,010)	(440,506)	440,504	(1,200,000)	(1,647,505)
Convention Center Reserve Fund Transfer	(1,150,000)		1,150,000	(1,150,000)	(1,100,000)
Convention Ctr Debt Service Transfer	(20,853,662)	(6,204,867)	14,648,795	(20,853,662)	(16,205,002)
Info Tech Internal Svs Fund Transfer	(65,687)	(32,843)	32,844	(65,687)	(70,796)
Self-Insurance Internal Svcs Fund Transfer	(18,563)	(9,281)	9,282	(18,563)	(16,956)
Capital Improvement Fund Transfer	(60,000)	(60,000)	-	(60,000)	(1,560,000)
Municipal Parking Enterprise Fund Transfer	(8,300,875)	(3,505,399)	4,795,476	(8,300,875)	(8,235,031)
Total other financing sources (uses)	(37,642,797)	(13,409,396)	24,233,401	(38,835,787)	(34,676,165)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(999,231)	3,079,298	4,078,529	(4,818,787)	(228,622)
Fund balance - January 1	24,220,694	24,220,694	-	24,220,694	24,449,316
Ending Fund balance	23,221,463	27,299,992	4,078,529	19,401,907	24,220,694
Ending Cash balance	NA	NA	NA	NA	9,779,034

ARENA RESERVE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal quarter ending June 30, 2003

	2003			2002 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES:				
Interest	\$ -	4,130	4,130	4,232
Total revenues	-	4,130	4,130	4,232
Excess of revenues over (under) expenditures	-	4,130	4,130	4,232
OTHER FINANCING SOURCES (USES):				
General Fund Transfer	91,500	45,750	(45,750)	91,500
Transfer to Debt Service			-	(2,762,561)
Muni Parking Enterprise Fund	1,470,000	735,000	(735,000)	1,335,000
Convention Ctr Opers Transfer	881,010	440,505	(440,505)	1,647,505
			-	
Total other financing sources (uses)	2,442,510	1,221,255	(1,221,255)	311,444
Excess of revenues and other financing sources over (under) expenditures and other financing uses	2,442,510	1,225,385	(1,217,125)	315,676
Fund balance - January 1	1,128,362	1,128,362	-	812,686
Ending Fund balance	\$ 3,570,872	2,353,747	(1,217,125)	1,128,362

CONVENTION FACILITIES RESERVE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal quarter ending June 30, 2003

	2003			2002 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES:				
Interest	-	-	-	(33,146)
Total revenues	-	-	-	(33,146)
Excess of revenues over (under) expenditures	-	-	-	(33,146)
OTHER FINANCING SOURCES (USES):				
Transfers to capital projects funds			-	
Transfers within special revenue funds	\$ 1,150,000		(1,150,000)	1,100,000
Total other financing sources (uses)	1,150,000	-	(1,150,000)	1,100,000
Excess of revenues and other financing sources over (under) expenditures and other financing uses	1,150,000	-	(1,150,000)	1,066,854
Fund balance - January 1	5,962,450	5,962,450		4,895,596
Ending Fund balance	\$ 7,112,450	5,962,450	(1,150,000)	5,962,450

SPECIAL REVENUE FUNDS
Federal, CDBG, and Other State and Local Grants
Quarter Ending June 30, 2003

The City receives a number of state and federal grants that are recorded in special revenue funds 0300, 0400, and 0600. These grants have varying grant periods and are used for a range of purposes. Since the City records its financial information on a modified accrual basis the timing of cash receipts can result in grant funds reflecting a deficit cash balance. The deficits in funds 0300 and 0400 are a result of the timing of cash flows. This cash will be fully reimbursed when the grant revenue is received.

The Community Development Block Grant (CDBG) is the City's largest single grant and is accounted for in fund 0400 with three other Housing and Urban Development (HUD) Programs. These programs are the Emergency Shelter Grant Program (ESG), HOME Investment Partnerships Program and Housing Opportunities for Persons with AIDS (HOPWA). All of these programs are operated jointly with the MCDA where the City is the grant recipient and the MCDA is reimbursed for its expenditures through transfers from the City. The CDBG program is approximately \$16.5 million annually.

The following two schedules summarize current year and grant to date expenditures for the Year 29 and Year 28 CDBG programs. Since the Year 29 program began on June 1, 2003, there are currently, very little expenditures to report. The year 28 program began on June 1, 2002 with a budget of \$16,825,000 and has grant to date expenditures of \$7,605,168 through June 30, 2003. Based on previous council actions, departments have two years to expend their public service and administration allocations. After the two years have ended any unspent balances become available for reprogramming. Capital funds are not subject to this two-year spending requirement. As of June 30, approximately 75% of the combined public service and administration funds have been expended.

The last schedule reports on the current year and grant to date expenditures of programs budgeted out of CDBG awards prior to year 28. The prior accounting practice combined the multiple award years into one grant and therefore the budgeted amounts may not equal the allocation amount for any given year. The remaining balance on this report represents amounts that are potentially available for reprogramming, excluding capital and other funds that have been previously committed to a specific project. Final amounts should be available later this year.

In 1990, the Council committed \$7 million of CDBG funds for the redevelopment of Block E. The commitment was not balanced with reductions in other CDBG funded projects. Consequently, the city has over-committed its total Federal Allocation. Because the CDBG year differs from the City's fiscal year end, it appears that the City has remained within its total cumulative allocation. This can continue only as long as there is a steady flow of CDBG funds. Should the CDBG program cease, the over commitment of funds will become apparent and other funds would need to be made available to cover the shortfall. The intent is to reprogram unspent balances from prior projects to offset the Block E deficit. On November 21, 2001 the City Council approved the reprogramming of \$410,620 of unspent balances from projects through CDBG Year 23 to address this shortfall. Based on a preliminary analysis we are anticipating having reprogramming funds of approximately \$ 64,000 available from the previous award years.

Special Revenue Funds
Grant Funds
Quarter Ending June 30, 2003

	Federal Grants 0300	CDBG Grants 0400	Grants Other 0600	Total
Assets				
Cash and cash equivalents	(\$2,246,922)	(\$305,807)	\$2,168,080	(\$384,649)
Accounts - net	200,000	2,500	77,845	280,345
Loans receivable	420,000	6,031,610	415,354	6,866,964
Prepaid Expense			2,038	2,038
Total Assets	<u>(\$1,626,922)</u>	<u>\$5,728,303</u>	<u>\$2,663,316</u>	<u>\$6,764,697</u>
Liabilities				
Salaries payable	\$159,606	\$204,912	\$154,182	\$518,700
Accounts payable	99,226	3,539	58,088	160,853
Loans		395,793		395,793
Deferred revenue & Contracts	420,000	6,031,610	575,553	7,027,163
Total Liabilities	<u>\$678,832</u>	<u>\$6,635,854</u>	<u>\$787,823</u>	<u>\$8,102,509</u>
Fund Balance	<u>(\$2,305,754)</u>	<u>(\$907,551)</u>	<u>\$1,875,494</u>	<u>(\$1,337,812)</u>
Total Liabilities and Fund Balance	<u>(\$1,626,922)</u>	<u>\$5,728,303</u>	<u>\$2,663,316</u>	<u>\$6,764,697</u>
Revenue				
Taxes			\$108,554	\$108,554
Grants and Shared Revenues	\$ 6,014,184	\$3,406,127	3,323,183	12,743,494
Private Contributions			560,054	560,054
Charges for Services	96,949		165,083	262,032
Interest	18,927	168,309	5,520	192,756
Transfer from MCDA				0
Transfer within Special Revenue Fund			1,044	1,044
Transfer from Capital Projects			36,000	36,000
Miscellaneous Revenue	12,559	48,509	141,650	202,718
Total Revenue	<u>\$6,142,619</u>	<u>\$3,622,945</u>	<u>\$4,341,089</u>	<u>\$13,998,098</u>
Expenditures	<u>\$8,448,373</u>	<u>\$4,530,400</u>	<u>\$2,966,331</u>	<u>\$15,945,104</u>
Revenues Over (Under) Expenditures	<u>(\$2,305,754)</u>	<u>(\$907,455)</u>	<u>\$1,374,758</u>	<u>(\$1,947,006)</u>

CDBG PROGRAM
Year 28 (6/1/2002 - 5/31/2004) As of June 30, 2003

Department	Grant	Budget	2003 Expenditures	Grant To Date Expenditures	Remaining Budget
Capital Grants:					
Capital Improvemnt Committee	Capital Long Range Improvement Committee	104,000	-	97,393	6,607
Eastside Neighborhood Services	Eastside Neighborhood Services	323,000	-	323,000	-
Health & Family Support	Adult Training, Placement & Retention	441,000	127,723	380,496	60,504
Health & Family Support	GMDCA- Child care facilities	323,000	34,198	55,374	267,626
Health & Family Support	Industrial Cluster Training	99,000	2,007	2,007	96,993
Inspections Department	Boarded Building Demolition	202,000	-	-	202,000
Mpls American Indian Center	Minneapolis American Indian Center	118,000	118,000	118,000	-
Mpls Public Housing Authority	General Housing Rehabilitation	313,000	246,822	246,822	66,178
Public Works	Public Works Community Center Operations	42,000	-	-	42,000
Urban League	Urban League	148,000	-	148,000	-
MCDA	MCDA Various Capital Projects	8,828,000	619,454	1,832,781	6,995,219
	Subtotal Capital Grants	<u>\$ 10,941,000</u>	<u>\$ 1,148,205</u>	<u>\$ 3,203,873</u>	<u>\$7,737,127</u>
Public Service Grants:					
Health & Family Support	Youth Employment & Training	610,000	107,315	581,766	28,234
Health & Family Support	GMDCA- Child care sliding fee	522,000	155,272	298,041	223,959
Health & Family Support	MPLS Community Clinics	424,000	131,159	369,677	54,323
Health & Family Support	Way To Grow	356,000	80,353	288,020	67,980
Health & Family Support	Volunteers of America	130,000	43,333	119,166	10,834
Health & Family Support	Curfew Truancy Center	112,000	25,594	112,000	-
Health & Family Support	Head Start	107,000	40,533	95,532	11,468
Health & Family Support	Senior Services	99,000	34,552	73,640	25,360
Health & Family Support	Domestic Abuse Prevention	94,000	52,955	110,000	(16,000)
Health & Family Support	Block Nurse prg	71,000	17,435	58,111	12,889
Health & Family Support	Tubman Family Alliance	67,000	-	-	67,000
Health & Family Support	Minnesota Aids Project - CDBG	38,000	9,816	28,469	9,531
Health & Family Support	Child Dental Services	18,000	-	18,000	-
Park & Recreation Board	Teamworks	25,000	-	25,000	-
	Subtotal Public Service Grants	<u>\$ 2,673,000</u>	<u>\$ 698,317</u>	<u>\$ 2,177,423</u>	<u>\$ 495,577</u>
Administrative Grants:					
Civil Rights	Fair Housing Initiative	330,000	10,781	96,449	233,551
Finance Department	General Administration Finance	339,000	(118,607)	20,136	318,864
Grants and Special Projects	Administration	225,000	(22,694)	99,204	125,796
Health & Family Support	Advocacy	194,000	95,956	150,485	43,515
Health & Family Support	Neighborhood Services Administration	89,000	48,668	53,110	35,890
Health & Family Support	Multicultural Services	79,000	44,821	56,755	22,245
Health & Family Support	Legal Aid Services	49,000	12,250	40,833	8,167
Health & Family Support	Way To Grow Administration	46,000	7,584	34,417	11,583
Planning	Planning Administration	1,112,000	466,317	1,016,353	95,647
Public Housing Authority	MPHA - Citizen (Resident) Participation	98,000	-	98,000	-
Youth Coordinating Board	Youth Coordinating Board (YCB)	48,000	-	48,000	-
MCDA	MCDA Various Administrative Projects	602,000	124,149	510,130	91,870
	Subtotal Administrative Grants	<u>\$ 3,211,000</u>	<u>\$ 669,225</u>	<u>\$ 2,223,872</u>	<u>\$ 987,128</u>
GRAND TOTAL		<u>\$ 16,825,000</u>	<u>\$ 2,515,747</u>	<u>\$ 7,605,168</u>	<u>\$9,219,832</u>

Note:

MCDA amounts only reflect the amounts transferred to them. Actual expenditures by the MCDA may be greater.

CDBG PROGRAM
Year 29 (6/1/2003 - 5/31/2005) As of June 30, 2003

Department	Grant	Budget	2003 Expenditures	Grant To Date Expenditures	Remaining Budget
Capital Grants:					
Health & Family Support	Adult Training, Placement & Retention	641,000	83	83	640,917
Health & Family Support	Industrial Cluster Training	99,000			99,000
Mpls Public Housing Authority	General Housing Rehabilitation	313,000			313,000
Environmental Health	Hud Lead Program	180,000	3,736	3,736	176,264
Inspections Department	Boarded Building Demolition	202,000			202,000
Mpls American Indian Center	Minneapolis American Indian Center	118,000			118,000
Mpls Public Housing Authority	GMDCA- Child care facilities	323,000			323,000
Public Works	Graffiti Removal	107,000			107,000
Public Works	Public Works Community Center Operations	42,000			42,000
MCDA	MCDA Various Capital Projects	8,391,241			8,391,241
	Subtotal Capital Grants	<u>\$ 10,416,241</u>	<u>\$ 3,819</u>	<u>\$ 3,819</u>	<u>10,412,422</u>
Public Service Grants:					
Health & Family Support	Youth Employment & Training	568,000	120,644	120,644	447,356
Health & Family Support	GMDCA- Child care sliding fee	486,000			486,000
Health & Family Support	MPLS Community Clinics	394,000			394,000
Health & Family Support	Way To Grow	331,000			331,000
Health & Family Support	Volunteers of America	121,000			121,000
Health & Family Support	Curfew Truancy Center	104,000			104,000
Health & Family Support	Head Start	99,000			99,000
Health & Family Support	Senior Services	92,000	2,438	2,438	89,562
Health & Family Support	Domestic Abuse Prevention	87,000			87,000
Health & Family Support	Block Nurse prg	66,000			66,000
Health & Family Support	Tubman Family Alliance	62,000			62,000
Health & Family Support	Minnesota Aids Project - CDBG	35,000			35,000
Health & Family Support	Groundworks	25,000			25,000
Health & Family Support	Child Dental Services	17,000			17,000
Park & Recreation Board	Teamworks	23,000			23,000
	Subtotal Public Service Grants	<u>\$ 2,510,000</u>	<u>\$ 123,081.64</u>	<u>\$ 123,081.64</u>	<u>\$ 2,386,918</u>
Administrative Grants:					
Civil Rights	Fair Housing Initiative	349,502			349,502
Finance Department	General Administration Finance	342,928			342,928
Grants and Special Projects	Administration	229,339			229,339
Health & Family Support	Advocacy	210,000			210,000
Health & Family Support	Neighborhood Services Administration	161,500			161,500
Health & Family Support	Multicultural Services	120,000			120,000
Health & Family Support	Legal Aid Services	49,000			49,000
Health & Family Support	Way To Grow Administration	46,000			46,000
Planning	Planning Administration	1,282,980			1,282,980
Public Housing Authority	Citizen (Resident) Participation	98,000			98,000
Youth Coordinating Board	Youth Coordinating Board (YCB)	48,000			48,000
MCDA	MCDA Various Administrative Projects	599,510			599,510
	Subtotal Administrative Grants	<u>\$ 3,536,759</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,536,759</u>
	GRAND TOTAL	<u>\$ 16,463,000</u>	<u>\$ 126,901</u>	<u>\$ 126,901</u>	<u>\$ 16,336,099</u>

Note:

MCDA amounts only reflect the amounts transferred to them. Actual expenditures by the MCDA may be greater.

CDBG PROGRAM
Year 96/97 (6/1/2001 - 5/31/2003) As of June 30, 2003

Department	Grant	Budget	2003 Expenditures	Grant To Date Expenditures	Remaining Budget
Capital Grants:					
Inspections Department	Boarded Building Demolition	525,307	13,999	379,449	145,858
Environmental Health	Hud Lead Program	375,112	92,259	323,230	51,882
Capital Improvemnt Committee	Capital Long Range Improvement Committee	4,019	-	-	4,019
Park & Recreation Board	Mill Ruins Park	447,902	43,786	298,579	149,323
Park & Recreation Board	Red Elevator Project	47,500	-	-	47,500
Non Departmental	HOTB Puppet	5,268	-	3,290	1,979
Non Departmental	Genesis II	330	-	-	330
Non Departmental	SE Asian Project	5,000	-	-	5,000
Park & Recreation Board	Discovery Gardens	25,000	-	-	25,000
Park & Recreation Board	Hosmer	33,537	-	32,807	730
Public Works	Lynn Lake Parking	34,250	34,250	34,250	-
Non Departmental	Relocation	325,000	48,779	134,886	190,114
	Subtotal Capital Grants	<u>\$ 1,828,225</u>	<u>\$ 233,073</u>	<u>\$ 1,206,491</u>	<u>\$ 621,735</u>
Public Service Grants:					
Health & Family Support	GMCD	891,967	38,920	891,967	-
Health & Family Support	Neighborhood Services	231,505	49,701	231,505	-
Health & Family Support	Joint Initiative	230,627	30,318	229,502	1,125
Health & Family Support	Sr Coordinator Public Service	114,028	21,828	114,028	-
Health & Family Support	Tubman Family Alliance	104,092	5,935	104,092	-
Health & Family Support	Self Sufficiency	48,430	6,089	48,430	-
	Subtotal Public Service Grants	<u>\$ 1,620,649</u>	<u>\$ 152,792</u>	<u>\$ 1,619,524</u>	<u>\$ 1,125</u>
Administrative Grants:					
Civil Rights	Fair Housing Initiative	325,077	18,314	325,072	5
Finance Department	General Administration Finance	788,754	268,883	502,478	286,276
Finance Department	General Administration	117	-	-	117
Grants and Special Projects	Administration	346,104	136,758	346,104	-
Health & Family Support	Department Neighborhood Services	231,505	-	188,661	42,844
Health & Family Support	Adv/plan 96	220,735	86	220,735	-
Health & Family Support	Community Gardens Key	4,931	-	-	4,931
Planning	Planning Administration	1,167,049	179,478	1,167,049	-
Planning	Planning Corridor	172,762	-	-	172,762
	Subtotal Administrative Grants	<u>\$ 3,257,034</u>	<u>\$ 603,518</u>	<u>\$ 2,750,098</u>	<u>\$ 506,935</u>
	GRAND TOTAL	<u>\$ 6,705,908</u>	<u>\$ 989,383</u>	<u>\$ 5,576,113</u>	<u>\$ 1,129,795</u>

Note:
MCDA information is not included in this schedule

City of Minneapolis
Permanent Improvement Equipment

Fund 6100	2003 Budget	2003 2nd Quarter	Remaining Budget	% of Actual To Budget
Revenue	32,023,700	15,054,949	16,968,751	47%
Expenditures	30,172,304	14,877,295	15,295,009	49%
Change in Net Assets	2,039,626	539,988		

Program Description:

This fund is used to account for the ownership and operation of a fleet of motorized equipment and vehicles. The fund operates as a rental agent to various departments to support the construction and maintenance of City infrastructure, fire protection services, and police services. Prior to 2002 the fund was also responsible for the operations of radio communications systems for the City

Revenue:

The primary source of revenue to the fund is rental of equipment, which made up approximately 30% of total revenue first quarter 2003. The workout plan includes a cumulative rate increase totaling \$1million for 2003

Expenses:

An additional 6% of budget is being carried forward to 2003 for the purchase of equipment not yet delivered against 2002 purchase orders.

Transfers:

Transfers of \$61,163 were made for support provided by HR and ITS to the Equipment Fund. Additional transfers of \$2,927,750 are budgeted to debt service funds for interest and principle payments.

Debt Service:

Bond proceeds of \$6,200,000 for the purchase of fleet equipment in accordance with the established work out plan with an increase of \$3,230,000 for a one-time purchase of new Fire vehicles.

Financial:

2003 is expected to be on track with the deficit reduction plan. This plan is currently being updated as there were assets added in 2002 due to the work for GASB 34.

City of Minneapolis, Minnesota
Equipment Fund
For First Quarter/Year Ending 2003

	Budget Year 2003	For Period Ending 31-Mar-03	For Period Ending 30-Jun-03	For Period Ending 30-Sep-03	For Period Ending 31-Dec-03	Total 2003	For Period Ending 2002
Operating Revenues:						-	
Charges for Services and Sales	4,191,700	714,224	833,228			1,547,452	
Rents and Commission	27,832,000	5,569,665	7,937,832			13,507,497	
Total Operating Revenues	32,023,700	6,283,889	8,771,060	-	-	15,054,949	-
Operating Expenses:							
Personal Services	18,381,168	3,721,126	3,832,401			7,553,527.21	
Contractual Services	3,682,164	806,152.93	704,093			1,510,246.20	
Materials, Supplies, Services and Other	3,930,928	1,178,364	1,076,241			2,254,605	
Rent	6,120	4,516	258,742			263,258	
Cost of stores issuance	-	519,109	784,065			1,303,174	
Depreciation	4,171,924	1,031,873	960,612			1,992,485	
Total Operating Expenses	30,172,304	7,261,141	7,616,154	-	-	14,877,295	-
Operating Margin	1,851,396	(977,252)	1,154,906	-	-	177,654	-
Non-Operating Revenues/(Expenses)							
Interest Revenue	500	426	265			691	
Interest Expense(Debt service)	(3,268,474)	-	(744,075)			(744,075)	
Gains/Losses on disposal of fixed assets	200,000	-	29,870			29,870	
Damages/Losses recovered	300,000	91,620	104,480			196,101	
Other rev	15,000	-	829			829	
Total Non-Operating Revenues (Expenses)	(2,752,974)	92,046	(608,631)	-	-	(516,585)	-
Income(loss)before operating transfers	(901,578)	(885,206)	546,275	-	-	(338,931)	-
Operating transfers in(out)							
Transfers from other fund	1,819,000	454,750	454,750			909,500	
Transfers to other fund	61,163	-	(30,582)	-	-	(30,582)	
Transfers from component units		-	-	-	-		
Total operating transfers	1,880,163	454,750	424,168	-	-	878,918	
Net Income	978,585	(430,456)	970,444	0	0	539,988	0
Significant Balance Sheet Items							
Fleet Purchases	(5,473,359)	(5,569,665)	0			(11,043,024)	
Operating Cash	4,992	43,285,345	4,188,562			47,478,898	
Net Building Value	27,904,334	(44,738)	27,620,986			55,480,582	
Net Fleet Value	20,523,819	(208)	21,394,056			41,917,666	
Bonds Payable	(26,759,005)	(26,759,005)	(42,489,005)			(96,007,016)	
Total Balance Sheet Items	21,674,139	10,911,728	10,714,598	-	-	37,827,106	-

**City of Minneapolis
Intergovernmental Services Fund**

Fund 6400	2003 Budget	2003 Actual	Remaining Budget	% of Actual To Budget
Revenue including Transfers	21,745,252	11,543,055	10,202,197	53%
Expenditures	20,767,333	10,850,133	9,917,200	52%
Revenue Over (Under) Expenses	977,919	692,922	284,997	

Program Description:

Accounts for operations of Business Information Services (BIS) and the City Clerk's printing and central mailing services. BIS comprises telecommunications services, network services, application support, Internet and Intranet services, and deployment of software and hardware.

Revenue:

Operating revenue is at \$1.7 million and was forecasted to be at \$3.8 million for the year. In 2003 monthly billing was initiated in the Telephony area System has been established in the Project Management area to account for expenditures and effectively collect revenue. This revenue stream did not exist at the beginning of last year. It has been noted that that this change has made our customers more responsible and aware of the costs involved.

Expenses:

Prepaid expenses of \$322,155 for software licenses. Expenses are tracking slightly higher than budget at \$10.9 million at mid year versus the planned \$18.0 million for the year.

Financial:

Progress is being made on a rate model for fund 6400. To effectively charge back our services to our customers in proportion respectively and in an efficient manner is essential. In 2003 the City contracted with Unisys on outsourcing specific services along with the equipment and personnel necessary. The fund is expected to meet the \$1.2 million positive change in Net Assets as outlined in the Deficit reduction plan.

City of Minneapolis, Minnesota
Intergovernmental Services Fund
Statement of Revenues and Expenses
For Second Quarter/Years Ending 2003, 2002 and 2001

	Budget Year 2003	Projection For 2003	For Period Ending 30-Jun-03	Budget Year 2002	For Period Ending 30-Jun-02	Budget Year 2001	For Period Ending 30-Jun-01
Operating Revenues:							
Utility Services	1,495,100	1,495,100	698,983	1,493,300	1,981,382	1,430,000	370,819
Charges For Service	1,446,707	2,296,707	965,438	1,626,300	725,405	1,485,369	174,894
Other Miscellaneous Revenue	19,329	9,665	-	21,129	1,984,541	3,168	
Total Operating Revenues	2,961,136	3,801,472	1,664,421	3,140,729	4,691,329	2,918,537	545,713
Operating Expenses:							
Telecomm & Computer Services	16,257,216	17,107,216	7,643,513	16,428,806	7,823,773	15,591,512	3,113,669
Mailing Services	626,439	598,275	199,425	612,411	294,591	551,389	201,845
Human Resources	183,600	126,194	42,065	180,000	84,918		
Copy Services	819,044	696,038	278,415	950,719	332,449	810,769	109,049
Finance Services	188,389	188,389	95,014	168,416	84,208	143,671	26,975
Total Operating Expenses	18,074,688	18,716,111	8,258,432	18,340,352	8,619,940	17,097,341	3,451,538
Operating Margin	(15,113,552)	(14,914,640)	(6,594,010)	(15,199,623)	(3,928,611)	(14,178,804)	(2,905,825)
Non-Operating Revenues/(Expenses)							
Net Transfers in (out)	18,784,116	18,784,116	9,878,634	14,609,849	9,249,571	11,662,476	3,868,692
Gains (Losses)	(797,423)	(531,615)	(531,615)		(30,010)		(8,549)
Depreciation	(1,895,222)	(1,895,222)	(947,611)	(622,438)	(310,159)	(607,224)	(151,806)
Interest on Bonded Debt	(3,854,950)	(3,854,950)	(1,112,475)	0	0	0	0
Other Non Operating Income (Exp)	0	0	-		(1,242,787)		(5,800)
Total Non-Operating Revenues (Ex	12,236,521	12,502,329	7,286,932	13,987,411	7,666,616	11,055,252	3,702,537
Change in Net Assets	(2,877,031)	(2,412,311)	692,922	(1,212,212)	3,738,005	(3,123,552)	796,712
Significant Balance Sheet Items							
Cash			791,621		(7,286,818)	(15,784,132)	(5,065,985)
Accounts Receivable			-		-		370,765
Prepaid Expenses			322,155				
Work-in-progress			5,270,016				
Interfund Loans			(12,800,000)		12,800,000		12,800,000
Total Balance Sheet Items	-	(6,416,208)	-	(10,348,556)	(15,784,132)	8,104,780	
Significant Cash Flow Items							
Capital Outlay			47,005				121,825
Total Cash Flow Items	-	47,005	-	-	-	-	121,825

**City of Minneapolis
Self- Insurance Fund**

Fund 6900	2003 Budget	2003 Actual	Remaining Budget	% of Actual To Budget
Revenue including Transfers	63,348,483	31,320,582	32,027,901	49%
Expenditures	62,688,782	28,951,050	33,737,732	46%
Revenue Over Net Income (Loss)	659,701	2,369,532	(1,709,831)	

Program Description:

This fund contains employee benefit accounting, workers compensation, tort liability, and administrative functions to support these activities.

Revenue:

Revenue: Revenues vary by activity. Employee benefits collect revenue from payroll withholding or employee contribution enabling revenues to match expenditures. Workers Compensation, with related administrative services of Risk Management and Human Resources for the return-to-work program, recognizes revenues from direct billing of users. Tort Liability including administrative services of the City Attorney's civil division earns revenue by billing departments participating in Self-Insurance.

Expenses:

Principal expenditures for Health and Welfare are to account for employee fringe benefits, Workers Compensation and Tort Liability. Worker's Compensation and Tort Liability are required reporting based on the future payout of existing claims. The fund is required to set aside resources annually to cover the future cost of compensated absences based on benefit accruing.

Transfers:

Interfund transfers primarily from General Fund to assist with payment of bond principal and interest generate a small part of this fund's revenues.

Other Financial Items:

Revenues and expenditures are tracking very close to budget. Current year is tracking better than the deficit reduction plan with a \$1.7 million positive change in Net Assets at mid-year versus the plan, indicating a \$1.9 million for the year. There is nearly a \$2 million debt service payment due in December of 2003, which will leave the \$8.8 bond issuance with a \$7.1 million balance.

City of Minneapolis, Minnesota
Self Insurance Fund
Statement of Revenues and Expenses
For Second Quarter/Years Ending 2003, 2002 and 2001

	Budget Year 2003	Projection For 2003	For Period Ending 30-Jun-03	Budget Year 2002	For Period Ending 30-Jun-02	Budget Year 2001	For Period Ending 30-Jun-01
Operating Revenues:							
Health & Welfare (employee benefits)	43,280,278	38,086,645	21,480,255	43,280,278	19,158,884	31,945,819	16,501,459
Workers Compensation	8,460,973	8,460,973	3,820,855	8,460,973	4,532,890	7,518,550	4,302,229
Liability - Subrogation	7,699,556	7,662,326	3,831,163	7,699,556	3,641,970	5,407,112	2,696,979
Attorney Office Services	445,968	285,420	86,359	445,968	143,067	200,000	131,604
Human Resources Services	23,817	41,116	20,213	23,817	20,558	-	74,497
Finance-Employment Services	342,068	331,806	24,150	327,000	158,387	327,000	163,335
Total Operating Revenues	60,252,660	54,868,285	29,262,996	60,237,592	27,655,756	45,398,481	23,870,104
Operating Expenses:							
Health & Welfare (employee benefits)	43,280,278	38,272,744	22,094,986	43,280,278	18,887,063	31,884,596	17,880,121
Workers Compensation	7,463,040	8,462,448	2,820,816	7,463,040	4,052,062	6,900,000	3,329,942
Liability & Settlements	3,115,353	3,115,353	1,204,348	3,115,353	1,205,868	3,054,268	1,657,555
City Attorney's Office/Civil Division-Litigation	4,700,546	4,529,802	1,969,479	4,700,546	2,132,434	4,111,592	2,138,436
Risk Management - WC/Risk	1,504,051	1,477,445	590,978	1,504,051	650,955	1,426,298	717,275
Human Resource - Employee Benefits	573,457	567,100	210,037	573,457	293,657	723,057	345,497
Financial Services	14,807	14,807	8,223	14,807	6,261	55,265	2,766
Total Operating Expenses	60,651,532	56,439,699	28,898,867	60,651,532	27,228,300	48,155,076	26,071,591
Operating Margin	(398,872)	(1,571,414)	364,129	(413,940)	427,456	(2,756,595)	(2,201,487)
Non-Operating Revenues/(Expenses)							
Net Transfers in (out)	3,095,823	3,095,823	1,510,337	3,095,823	1,195,192	2,133,878	975,312
Interest on Bonded Debt	(437,250)	(437,250)	(218,183)	(437,250)	(66,830)	(318,000)	(137,212)
Interest on Interfund Loan	-	-	-	-	-	(580,000)	(169,098)
Gains (Losses)	-	-	-	-	-	-	(8,645)
Depreciation	-	-	-	-	-	0	0
Other Non Operating Income (Exp)	-	-	-	-	-	-	-
Total Non-Operating Revenues (Expenses)	2,658,573	2,658,573	1,292,155	2,658,573	1,128,361	1,235,878	660,357
Net Change in Assets	2,259,701	1,087,159	1,656,283	2,244,633	1,555,817	(1,520,717)	(1,541,131)
Significant Balance Sheet Items							
Cash Balance over (under)			(4,783,285)				
Accounts Receivable			31,917				
Due from other funds/Int Gov Rec			-				
Bonds-Long Term			(7,145,000)				
Due to other funds			(713,250)				
Comp Absences			(27,269,466)				
Retained Earnings			43,255,250				
Significant Cash Flow Items							
Capital Outlay			-		-		
Principle on Debt	1,600,000	1,600,000		1,600,000	765,000	745,000	-

**City Of Minneapolis
Engineering Materials and Testing**

Fund 6000	2003 Budget	2003 Actual	Remaining Budget	% of Actual To Budget
Revenue	4,050,000	1,354,069	2,695,931	33%
Expenditures	4,792,987	1,540,999	3,251,988	32%
Revenue Over (Under) Expenses	(742,987)	(186,930)		

Program Description:

This fund accounts for the operations of the City's Asphalt Plant and the Engineering Materials Inspection and Testing operations. The plant was established during the 1930's with a mission to produce high quality bituminous products in a cost effective and timely manner. In May of 1997, the City Council adopted a Paving Products Study which suggested exploring other options to fulfill the City's need for concrete products if that plant, which has been closed, could not become more cost efficient. The City has continued to operate the Asphalt Plant.

Revenue:

Revenues are generated from the Asphalt Plant by the production of various bituminous mixes and by the Engineering Laboratory through material inspection and testing. Paving Construction is their main customer and their work is seasonal starting in April and concluding in November. Second Quarter year-to-date revenues are at 33% of the annual \$4,050,000 budget. We anticipate achieving this 2003 revenue projection.

Expenses:

The fluctuations in spending levels are mostly related to timing differences. One example is that raw materials are only purchased during the construction season. The reason for the under-spending in Contractual Services and Materials is related to the construction season not starting until April.

Transfers:

The operating transfers are for BIS and self-insurance.

City of Minneapolis, Minnesota
6000 Fund - Engineering, Materials and Testing
Statement of Revenues and Expenses
For Second Quarter/Years Ending 2003, 2002 and 2001

	Budget Year 2003	Projection Year 2003	For Period Ending 30-Jun-03	For Year Ending 2002	For Period Ending 30-Jun-02	For Year Ending 2001	For Period Ending 30-Jun-01
Operating Revenues:							
3380/ ARS Interest			11	15	8		
3465/ Asphalt Mix	3,200,000	2,539,000	952,216	1,972,473	986,236		
3355/ Inspection revenue Services (combined)	850,000	1,072,000	401,782	712,570	356,285	3,280,428	1,640,214
Grants (MNDOT)							-
Misc			60	10,769	5,385		
Total Operating Revenues	4,050,000	3,611,000	1,354,069	2,695,827	1,347,914	3,280,428	1,640,214
Operating Expenses:							
Personnel	1,340,654	1,304,718	533,815	1,046,672	523,336	1,212,191	606,096
Contractual	475,199	265,633	181,906	377,406	188,703	510,370	255,185
Materials/Other	2,828,953	1,537,345	664,945	1,337,127	668,564	1,468,297	734,148
Rent	138,305	138,305	69,153	119,394	59,697	106,960	53,480
Total Operating Expenses	4,783,111	3,246,001	1,449,819	2,880,599	1,440,300	3,297,818	1,648,909
Operating Margin	(733,111)	364,999	(95,750)	(184,772)	(92,386)	(17,390)	(8,695)
Non-Operating Revenues/(Expenses)							
Net Transfers in (out)	(9,876)	(9,876)	(4,938)	(14,055)	(7,028)	(4,918)	
Gains (Losses)							
Depreciation	(160,000)	(160,000)	(86,242)	(93,600)	(46,800)	(150,180)	(75,090)
Total Non-Operating Revenues (Expenses)	(169,876)	(169,876)	(91,180)	(107,655)	(53,827)	(155,098)	(75,090)
Net Income	(902,987)	195,123	(186,930)	(292,427)	(146,213)	(172,488)	(83,785)
Significant Balance Sheet Items							
Accounts Receivable			1,161	17,181	16,000	107,942	157,000
Interfund receivable			-	-	-	-	-
Reserve for renewal			639,673	639,673	758,962	758,962	1,000,000
Deferred income			139,896	139,896	139,896	139,896	28,000
Significant Cash Flow Items							
Capital Outlay				(119,289)		(269,320)	
Inter fund loans and payments							1,050,000

**City Of Minneapolis
Public Works Stores**

Fund 6300	2002 Budget	2002 Actual	Remaining Budget	% of Actual To Budget
Revenue	3,745,050	1,858,666	1,886,384	50%
Expenditures	3,540,974	1,793,191	1,747,783	51%
Revenue Over (Under) Expenses	204,076	65,475		

Public Works Stores:

The fund, which was established in 1965, accounts for the centralized procurement, receiving, warehousing and distribution of stocked inventory items and the purchase of special goods and services (Central Stores). The mission is to provide these items in a cost-effective manner.

Revenue:

As of June 30, Central Stores Warehouse revenues are \$499,732 for the year or 38% of the \$1,300,000 revenue projection for the year. The special non-inventory transaction fee revenue is \$227,178 or 57% of the \$400,000 revenue budgeted for the year.

Financial:

Stores operations have been successful and have been profitable in recent years. Although the fund has positive equity, it has had to borrow cash from other funds in order to maintain an inventory and positive cash balance. The fund carries an inventory balance of \$3,000,000.

City of Minneapolis, Minnesota
Public Works Stores Fund
Statement of Revenues and Expenses
For Second Quarter/Years Ending 2002, 2001 and 2000

	Budget Year 2003	Projection Year 2003	For Period Ending 30-Jun-03	For Year Ending 2002	For Period Ending 30-Jun-02	For Year Ending 2001	For Period Ending 30-Jun-01
Operating Revenues:							
Central Stores	1,637,000	1,641,597	820,799				
Traffic Stores	2,108,050	2,075,735	1,037,867				
Stores-Combined				3,759,682	1,879,841	4,194,684	2,097,342
Total Operating Revenues	3,745,050	3,717,332	1,858,666	3,759,682	1,879,841	4,194,684	2,097,342
Operating Expenses:							
Personnel	536,029	543,293	271,647	514,476	257,238	641,108	320,554
Contractual	62,557	20,655	10,327	24,507	12,253	29,055	14,527
Materials/Other	335,639	179,014	89,507	168,321	84,161	85,767	42,884
Rent	66,601	66,601	31,644	61,363	30,681	61,298	30,649
Cost of Stores Issuance	2,450,000	2,689,377	1,344,689	2,676,910	1,338,455	3,103,897	1,551,948
Total Operating Expenses	3,450,826	3,498,940	1,747,814	3,445,577	1,722,788	3,921,125	1,960,562
Operating Margin	294,224	218,392	110,852	314,105	157,052	273,559	136,780
Non-Operating Revenues/(Expenses)							
Net Transfers in (out)	(13,648)	(13,648)	(6,824)	(18,435)	(9,218)	(14,037)	(7,019)
Depreciation	(608)	(608)	(304)	(8,091)	(4,046)	(6,554)	(3,277)
Net Interest Income (Exp)	(76,500)	-	-	-	-	(43,179)	
Other Non Operating Income (Exp)					-		-
Total Non-Operating Revenues (Expenses)	(90,756)	(14,256)	(7,128)	(26,526)	(13,263)	(63,770)	(10,296)
Net Income	203,468	204,136	103,725	287,579	143,789	209,789	126,484
Significant Balance Sheet Items							
Operating Cash			(739,196)	15,273	(1,680,000)	15,273	(1,500,000)
Accounts Receivable			5,697	16,805		16,805	
Inventories			3,089,564	2,845,286	3,220,000	2,845,286	2,994,000
Significant Cash Flow Items							
Capital Outlay							-
Inter fund loans and payments			(680,000)	680,000	(846,000)	846,000	(1,286,000)
Transfers			(6,824)	(18,435)	(9,218)	(14,037)	(7,019)

City Of Minneapolis
Property Services - Fund 6200

Fund 6200	2003 Budget	June 30 2003 Actual	Remaining Budget	% of Actual To Budget	June 30 2002 Actual
Revenue including Transfers	11,694,000	5,081,997	6,612,003	43%	5,768,566
Expenditures	11,243,079	4,820,760	6,422,319	43%	5,653,418
Revenue over(under) Expenses	450,921	261,237			115,148
Change in Net Assets	(308,079)	(164,212)			44,764

Program Description:

This fund accounts for the internal services provided by Property Services and its staff. There are over 80 buildings maintained along with the downtown Campus excluding City Hall. In 2002, Property services took over the maintenance of the City's Parking Ramps. This should allow for more efficiency in combining the maintenance forces within the City. Property Services also took over the Radio Shop in 2002. They are responsible for the emergency communications for the City. They also handle other communications modes, including cellular phones.

Revenue:

Revenues are charged on an annual basis to other city departments that reside in the buildings Property Services maintains. The amount of "rent" charged is based on historical maintenance expenditures. Ramp Maintenance and Radio Shop charge their customers based on the work that they do for them.

Other Financial Items:

Fund balance is at a negative \$1,000,000, but the operations have been operating at or near a break-even point for the last 4 years. Rental Revenues have included income to cover janitorial expenses since 2001.

Depreciation:

In 2002 the City established values for its buildings and began recording depreciation expenses. Currently there is not a program in place to recover the depreciation expense.

Debt Service:

Property Services is responsible for paying \$350,000 per year in debt service. In 2003 the debt service consists of \$275,000 in principal payment, and \$333,009 in interest. The General fund transfers in the gap between the \$350,000 per year for debt service and the actual amount of debt service for the year. Therefore, there will be a transfer from the general fund for the difference of \$258,009 in 2003.

City of Minneapolis, Minnesota
Property Services
Statement of Revenues and Expenses
For First Quarter/Years Ending 2003, 2002 and 2001

	Budget Year 2003	For Period Ending 30-Jun-03	Budget Year 2002	For Period Ending 30-Jun-02	Budget Year 2001	For Period Ending 30-Jun-01
Operating Revenues:						
3715-Rent - Municipal Market	55,000	0	50,000	7,959	50,000	21,097
3385-Capital Overhead Revenue	200,000	17,345	200,000	16,649	200,000	91,924
3455-Other Services - Work for Others	4,171,000	1,658,260	1,305,000	2,450,503	1,290,304	471,571
3490-Sales Parts & Supplies	880,000	301,684	880,000	320,876	0	0
3715-Rent	6,380,000	3,089,552	7,795,000	2,972,069	3,845,670	965,927
3755&65-Miscellaneous Revenue	8,000	15,155	2,500	510	1,000	-162
Total Operating Revenues	11,694,000	5,081,997	10,232,500	5,768,566	5,386,974	1,550,357
Operating Expenses:						
Personnel	6,131,746	3,039,633	4,385,424	2,890,007	3,434,661	828,799
Contractual	3,634,418	1,330,323	4,027,960	1,968,718	1,418,101	431,063
Materials/Other	1,291,944	528,319	893,627	715,186	658,692	187,815
Rent	184,971	92,486	108,500	79,507	95,071	21,478
Total Operating Expenses	11,243,079	4,990,760	9,415,511	5,653,418	5,606,525	1,469,155
Operating Margin	450,921	91,237	816,989	115,148	(219,551)	81,202
Non-Operating Revenues/(Expenses)						
Net Transfers in (out)		(83,449)	(38,407)	(19,204)	(29,400)	(7,350)
Gains (Losses)						
Depreciation		(342,000)		(51,180)		(5,159)
Other Non Operating Income (Exp)			(72,000)		(54,000)	(11,750)
Total Non-Operating Revenues (Expe	-	(425,449)	(110,407)	(70,384)	(83,400)	(24,259)
Net Income	450,921	(334,212)	(1,212,212)	44,764	(302,951)	56,943
Significant Balance Sheet Items						
Cash		(1,040,659)				
Accounts Receivable		7,516				
Prepaid Expenses		-				
Work-in-progress						
Interfund Loans						
Retained Earnings						
Total Balance Sheet Items	-	(1,033,143)	-	-	-	-
Significant Cash Flow Items						
Capital Outlay						
Total Cash Flow Items	-	-	-	-	-	-

**City Of Minneapolis
Water Rental Fund**

Fund 7400	2003 Budget	30-Jun-03 Actual	Remaining Budget	% of Actual To Budget	30-Jun-02 Actual
Revenue	66,645,750	25,753,698	40,892,052	39%	23,996,413
Expenditures	43,102,539	18,069,928	25,032,611	42%	17,215,622
Revenue Over (Under) Expenses	23,543,211	7,683,770			6,780,791
Net Income (Loss)	19,103,417	4,973,320			3,987,583

Program Description:

This Fund accounts for the operation and maintenance of a water delivery system for the City and several suburban city customers. The City sells water directly to seven cities including Bloomington, Columbia Heights, Hilltop, Golden Valley, New Hope, Crystal and Edina. In 1998, the City began two, five-year programs, the Supervisor Control and Data Acquisition (SCADA) and the Hilltop Reservoir. The SCADA program automates the water control system from one point so that all gates, pumps, monitors and controls will be in one controlled area. The SCADA project is expected to overrun estimated cost by \$5 million due to security plus less-attended facility concerns causes increased levels of monitoring and automation. The Ultrafiltration membrane plant will be accomplished in two phases. Phase one is 70-MGD Columbia Heights Membrane Filtration Plant and is presently under construction and the second phase is 95-MGD Fridley membrane Filtration Plant.

Revenue:

For the year 2003, there was a rate increase of .22 cents for a Total Rate of \$2.21. This is a 11.1% increase. The second quarter revenue increased by \$1,757,285 which is 7% over 2002. The actual revenue compared to budgeted revenue for 2003 will be \$2 million under budget and this will effect net income by the same amount.

Expenses:

For the second quarter of 2003 expenses is \$854,306 more than for the second quarter of 2002. This is a 5% increase of the previous year same quarter. This increase is due mainly to COLA increases and security charges.

Transfers:

The operating transfers are used to pay BIS costs related to this fund.

Debt Services:

The debt service payments are primarily for bonds sold to finance the SCADA and Hilltop programs.

Other Financial Items: Change management-distribution cost center has completed new organizational structure and the pilot implementation of the program design is being evaluated through the end of 2003. The Ultra Filtration membrane design is about 30% complete and project is on schedule.

City of Minneapolis, Minnesota
Water Fund
Statement of Revenues and Expenses
For Second Quarter/Years Ending 2003, 2002 and 2001

	Budget Year 2003	Projected Year Ending 2003	For Period Ending 30-Jun-03	For Year Ending 2002	For Period Ending 30-Jun-02	For Year Ending 2001	For Period Ending 30-Jun-01
Operating Revenues:							
Federal Grants				316,657		765,289	
State Grants							
County Grants							7,500
Licenses & Permits	1,000	800	214	787	357	753	339
Charges For Services	65,001,650	63,405,000	25,361,976	54,733,364	23,402,124	51,609,390	20,990,221
Charges For Sales	1,625,000	900,000	351,776	1,572,091	609,183	1,990,850	815,158
Rents	2,000	300		3,066	3,066	7,588	208
Interest		666	666	(20,753)	(19,774)	17,871	8,087
Other Misc Revenues	16,100	56,000	39,066	1,743	1,457	20,782	18,404
Total Operating Revenues	66,645,750	64,362,766	25,753,698	56,606,956	23,996,413	54,412,523	21,839,917
Operating Expenses:							
Water Design	779,232	763,647	370,544	661,898	329,566	640,185	211,532
Contribution To Other Funds	999,696	999,696	507,234	854,365	427,056	801,870	402,101
Administration & Permits	836,429	836,429	365,463	1,121,475	363,490	763,907	289,728
Treatment	13,655,599	13,655,599	5,989,446	12,453,501	5,694,703	11,699,063	5,105,988
Treatment Maintenance	5,680,175	5,680,175	2,855,573	5,157,781	2,411,342	5,068,246	2,213,006
Distribution	7,390,556	7,242,745	3,510,773	6,378,267	2,994,595	6,899,995	3,204,405
Major Repairs & Replacement	6,251,255	6,251,255	1,454,258	5,763,920	1,984,261	4,730,781	1,005,360
Human Resources	225,000	225,000	112,500				
Finance	582,778	582,778	320,231	529,177	262,790	609,221	256,898
Utility Billing	4,144,269	3,978,498	1,787,711	4,001,952	1,778,550	3,681,276	1,698,695
Interest	2,557,550	2,557,550	796,194	2,795,684	969,269	2,334,399	1,041,130
Total Operating Expenses	43,102,539	42,773,372	18,069,928	39,718,022	17,215,622	37,228,943	15,428,843
Operating Margin	23,543,211	21,589,394	7,683,770	16,888,934	6,780,791	17,183,580	6,411,074
Non-Operating Revenues/(Expenses)							
Net Transfers in (out)	(2,517,500)	(2,517,500)	(1,258,749)	(2,548,470)	(1,251,737)	(2,274,277)	(1,137,139)
Gains (Losses)						61,650	
Depreciation	(3,922,294)	(3,922,294)	(1,902,642)	(3,986,000)	(2,088,749)	(3,600,000)	(2,028,627)
Special Assessments			73,622	1,767,176	47,884	712,758	44,786
Net Interest Income (Exp)							
Other Non Operating Income (Exp)	2,000,000	1,340,891	377,318	1,117,409	499,393	938,840	20,090
Total Non-Operating Revenues (Expenses)	(4,439,794)	(5,098,903)	(2,710,451)	(3,649,885)	(2,793,209)	(4,161,029)	(3,100,890)
Net Income	19,103,417	16,490,491	4,973,320	13,239,049	3,987,583	13,022,551	3,310,184
Significant Balance Sheet Items							
Operating Cash	2,600,000	2,600,000	10,382,654	6,027,469	17,652,300	8,000,000	17,832,495
Construction Cash	14,400	14,400	14,382	109,166	90,569	2,000,000	2,046,474
Accounts Receivable	5,500,000	5,500,000	3,453,865	5,450,016	4,684,389	6,300,000	3,016,218
Bonds Payable	11,008,000	11,008,000	11,008,000	11,008,000	9,861,857	7,654,464	7,654,464
Total Balance Sheet Items	19,122,400	19,122,400	24,858,902	22,594,651	32,289,115	23,954,464	30,549,651
Significant Cash Flow Items							
Capital Outlay	48,322,110	14,496,633	7,049,331	15,725,700	5,335,611	42,737,594	4,808,353
Bond Principle payments	11,008,794	11,008,794				7,654,464	7,654,464

**City Of Minneapolis
Sewer Rental Fund**

Fund 7300	2003 Budget	30-Jun-03 Actual	Remaining Budget	% of Actual 2003	30-Jun-02
				To Budget	Actual
Revenue	71,960,428	28,967,377	42,993,051	40%	28,825,914
Expenditures	50,179,847	24,397,611	25,782,236	49%	22,660,114
Revenue Over (Under) Expenses	21,780,581	4,569,767			6,165,800
Net Income/(Loss)	15,076,622	1,409,658			7,490,166

Program Description:

This fund accounts for contractual payments to the Metropolitan Council Environmental Services (MCES) for sewage interceptor and treatment services. This fund also accounts for storm water management activities including the Combined Sewer Overflow (CSO) program, which separates the remaining storm sewer lines that are connected to sanitary sewer lines. During 1998, the City embarked on an \$72 million, nine-year, flood control program. This program targets specific areas in the City and creates holding ponds and additional storm drains that are designed to mitigate the effects of flash floods. This fund also accounts for the \$5.5 million City wide street sweeping operation.

Revenue:

The Sewer fund had a \$.12 rate increase in 2003. The under-performance of "Other Services Provided" is \$4 million and is due to the capital program revenue being overstated compared to actual for 2003. This will decrease budgeted net income by \$4 million for 2003. "Sewage disposal" is due mainly to a timing difference in Inter-Departmental billings and will be performing as projected by year-end. Inspection Services revenues are for SAC charges that are volatile and related to the construction market. These revenues are expected to increase during the summer.

Expenses:

Sewer fund expenses are currently at 48% slightly below budget. That is due to the under spending in the Storm Water Management cost center by 500,000. Street sweeping operations started in April, which brings the expenses close to where they should be. The capital outlay for 2003 actual will be \$15 million less than the budget for 2003 this is due to the capital delay in construction compared to the budget.

Transfers:

The operating transfers are for subsidizing operations in the Intergovernmental Services fund and debt service payments paid for by the city's debt service fund.

Debt Service:

The debt service payments are primarily for bonds sold to finance the (CSO) and Flood Mitigation programs.

City of Minneapolis, Minnesota
Sewer Fund
Statement of Revenues and Expenses
For First Quarter/Years Ending 2003, 2002 and 2001

	Budget Year 2003	Projected Year Ending 2003	For Period Ending 30-Jun-03	Year 2002 Actual	For Period Ending 30-Jun-02	Year 2001 Actual	For Period Ending 30-Jun-01
Operating Revenues:							
State Grants	516,002	516,002	441,416	629,601	270,038	364,947	364,947
County Grants	148,444	148,444	72,522	148,444	-	148,444	74,222
Sewage Disposal	62,841,482	62,841,482	26,847,896	60,540,926	27,181,000	56,233,058	28,983,280
Other Services Provided	7,454,500	1,570,000	808,278	3,802,000	182,286	1,092,730	446,361
Licenses & Permits							
Inspection Services	1,000,000	1,600,000	797,150	1,000,000	1,192,499	901,646	386,546
Interest	-		115	-	92	911	546
Total Operating Revenues	71,960,428	66,675,928	28,967,377	66,120,971	28,825,914	58,741,735	30,255,903
Operating Expenses:							
Sewer Design	2,529,906	2,000,000	840,020	2,498,931	801,484	1,754,519	713,095
Stormwater Management	1,954,077	1,500,000	384,995	566,914	35,634		
Street Cleaning	5,479,284	5,479,284	2,236,579	4,877,356	2,044,245	4,513,727	1,890,409
Finance	136,704	136,704	68,352	118,769	79,743	133,857	53,634
Sewer Maintenance	7,631,700	7,631,700	3,121,939	7,201,129	3,254,626	6,559,367	2,540,065
Met Council Env. Svcs.	32,223,176	32,223,176	17,633,225	31,703,114	16,444,383	29,221,300	15,478,204
Human Resources	225,000	225,000	112,500				
Total Operating Expenses	50,179,847	49,195,864	24,397,611	46,966,213	22,660,114	42,182,770	20,675,407
Operating Margin	21,780,581	17,480,064	4,569,767	19,154,758	6,165,800	16,558,965	9,580,495
Non-Operating Revenues/(Expenses)							
Net Transfers in (out)	(138,389)	(138,389)	(69,194)	(1,253,791)	2,902,210	(2,031,253)	(154,962)
Gains (Losses)			-				
Depreciation	(4,549,638)	(4,549,638)	(2,274,819)	(974,000)	(643,795)	(1,058,212)	(560,169)
Special Assessments	115,000	115,000	(666)	115,000	(11,619)	304,601	
Net Interest Income (Exp)	(2,130,932)	(2,130,932)	(815,428)	(2,094,858)	(922,430)	3,413,494	(921,958)
Other Non Operating Income (Exp)							
Total Non-Operating Revenues (Expenses)	(6,703,959)	(6,703,959)	(3,160,108)	(4,207,649)	1,324,365	628,630	(1,637,089)
Net Income	15,076,622	10,776,105	1,409,658	14,947,109	7,490,166	17,187,595	7,943,406
Significant Balance Sheet Items							
Operating Cash	-		12,079,616	6,500,000	12,040,197	6,820,510	12,987,694
Construction Cash	-	-	4,154,035	4,000,000	8,873,751	12,066,907	5,025,256
Accounts Receivable	-		4,113,428	6,500,000	4,561,836	7,115,926	4,254,808
Bonds Payable	38,167,000	38,167,000	38,167,000	45,933,247	45,933,247	45,933,247	46,676,000
Significant Cash Flow Items							
Capital Outlay	28,166,272	11,964,452	4,340,272		673	(11,393,106)	(4,432,751)
Bond Principle payments	(6,019,999)		-	(6,689,845)	-	(10,187,155)	
Sale of Bonds			8,590,000			10,520,000	

City Of Minneapolis
Solid Waste and Recycling Fund

Fund 7700	2003 Budget	30-Jun-03 Actual	Remaining Budget	% of Actual To Budget	30-Jun-02 Actual
Revenue	27,543,000	13,244,504	14,298,496	48%	12,439,789
Expenditures	26,202,279	10,593,167	15,609,112	40%	10,136,460
Revenue Over (Under) Expenses	1,340,721	2,651,338			2,303,329
Net Income/(Loss)	(389,736)	1,435,797			1,812,932

Program Description:

This Fund accounts for the City's solid waste collection, disposal and recycling operations. This includes weekly trash and yard waste pickup, biweekly recycling and problem material (appliance) pickup and the operation of a solid waste transfer station for over 108,000 households. The Public Works Department also provides "clean city" activities such as neighborhood clean sweeps, litter and graffiti removal and litter control in business districts. City crews provide approximately one-half of the solid waste collection services and the other half of the services are provided through a contract with a consortium of companies specializing in waste collection.

Revenue:

The Solid Waste and Recycling fund has 6% more revenue than this same time last year due to a increase in recyclable sales, and a .75 cent rate increase in 2003 The Hennepin County grant of \$804,000 is expected to be received in the 3rd quarter. The net income for year-end is projected to be \$438,000.

Expenses:

The Solid Waste and Recycling fund expenses are currently at 47% of budget. The main reason for low spending in the second quarter is due to the one-month lag in the payment of large contracts. This fund is expected to be within budget expectations for 2003.

Transfers:

The operating transfers are for subsidizing operations in the equipment division and ITS.

Debt Service:

This fund has no debt service.

Other Financial Items:

The fund's cash balance at the first quarter is \$8.3 million. The accounts receivable balance is \$2.5million. While the cash balance has increased from last year, the accounts receivable balance also slightly increased.

City of Minneapolis, Minnesota
Solid Waste and Recycling Fund
Statement of Revenues and Expenses

For First Quarter/Years Ending 2003, 2002 and 2001

	Budget Year 2003	Projected Year Ending 2003	For Period Ending 06-31-03	Year 2002 Actual	For Period Ending 30-Jun-02	Year 2001 Actual	For Period Ending 30-Jun-01
Operating Revenues:							
County Grants	804,000	804,000	-	937,000	-	943,406	943,406
Solid Waste Fees	26,098,800	26,098,800	12,695,364	25,095,800	12,084,890	24,140,474	11,506,303
Recyclable Sales	640,200	640,200	485,500	640,200	201,080	659,342	416,906
Charges for Other Services	-	127,282	63,641	60,000	153,819	50,649	335,225
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Total Operating Revenues	27,543,000	27,670,282	13,244,504	26,733,000	12,439,789	25,793,871	13,201,840
 Operating Expenses:							
Collection	7,485,556	7,135,556	2,762,766	6,475,119	2,994,919	6,981,304	2,822,145
Recycling	2,816,658	2,641,658	1,233,816	3,539,295	1,354,178	3,067,002	1,102,212
Disposal	6,356,100	6,181,100	1,803,220	5,628,721	1,844,819	6,182,388	2,237,210
Yard Waste	1,361,679	1,361,679	558,327	1,330,772	533,530	1,194,965	463,852
Large Item/Problem Material	996,385	996,385	472,692	1,334,637	513,686	1,116,385	437,000
Transfer Stations	189,964	189,964	76,208	163,385	72,076	237,952	115,672
Administration	1,682,271	1,682,271	2,214,509	3,510,007	1,666,175	3,203,184	1,585,626
Customer Service	1,402,477	1,402,477	187,913	576,956	237,025	453,356	210,199
Clean City	899,808	899,808	370,201	878,630	397,324	1,103,266	358,683
Equipment	2,591,891	2,591,891	703,770	924,042	431,010	1,035,788	456,675
Human resources	225,000	225,000	112,500		91,141		94,913
Finance	193,290	193,290	96,645	172,856	577	201,758	429
Liability Premium	1,200	1,200	600	10,580		857	-
Debt Service/Charges for Use of Money				-		32,247	14,491
SISSP Projects				-		-	
Total Operating Expenses	26,202,279	25,502,279	10,593,167	24,545,000	10,136,460	24,810,451	9,899,107

**City Of Minneapolis
Municipal Parking Fund
Interim Financial Report
As of June 30, 2003**

Fund 7500	2003 Current Budget	30-Jun-03 Actual	Remaining Budget	% of Actual To Budget	30-Jun-02 Actual
Revenue	59,791,216	26,693,048	33,098,168	45%	27,993,417
Expenditures	39,392,760	16,256,969	23,135,791	41%	15,549,095
Revenue Over (Under) Expenses	20,398,456	10,436,078			12,444,322
Net Income/(Loss)	2,388,773	822,479			6,460,586

Performance:

Due to economic conditions and high office vacancy rates in close proximity to parking facilities actual revenue performance has been less than the annual forecast. Major street reconstruction also impacted the performance restricting access to many of the facilities. Prior to 2001 revenues exceeded projections. This was attributed to a sound economy and weather conducive to greater use of ramps (in cold and snowy weather more people use the ramps). At year-end 2002, the total Net Assets were \$80 million or almost 25% of total assets. The combined unrestricted retained earnings for the city and state Municipal Parking Fund stood at \$25.9 million. However, operating revenues were expected to grow by 6.4% from \$55.8 million in 2001 to \$59.4 million in fiscal year 2002, but actually decreased to \$54.7 million. Actual operating expenses grew 5% from \$33.9 million in 2001 to \$35.6 million in 2002. The operating margin decreased from 39.3% of operating revenues in 2001 to 35% of revenues in fiscal year 2002. In 2003 the operating margin is budgeted at 34.1% of revenues and is currently projected to drop to 29.1% . Without including the year end loans, the cash balances from operations fell from \$20 million in 2000 to \$17.5 million in 2001, and then to \$14.5 million in 2002 for both the city and the state owned facilities. Based on current and proposed budgets, operating cash balances are going to continue to decrease, especially for cash related to the City system. The state owned facilities are creating a positive cash flow, but with the transfers out to other funds the city owned facilities have a negative cash flow. Non-parking related activities financed in the parking fund, transfers in excess of \$12 million annually to the general fund and Target Center Arena fund are contributing factors to the negative cash flow. The City's parking system is currently in a negative cash position that is expected to grow. If 2003 budgets were met the City system would drop by \$6 million to a negative \$4.8 million, but with the current projections it is expected to drop by an additional \$4 million to a negative \$8.8 million.

Program Description:

This fund accounts for the operation and maintenance of parking ramps, lots, on-street parking meters, a municipal impound lot, and traffic/parking control. Major parking related capital construction and development activities also occur in this fund. Prior to 2001 actual revenue performance has been better than budgeted, but since September of last year revenue has dropped. The Downtown East ramp across from the Metrodome opened, increasing the number in the ramp system to twenty. Parking facilities related to the Walker and Guthrie developments

are currently underway. The Harmon ramp is opening August 6th, which is privately owned by Opus LLC and will be managed by the City for a fee.

Revenue:

The revenues for 2002 in the operating budget were anticipated to increase by 6.4% from \$55.8 million to \$59.4 million, but actually decreased by 2.2% to \$54.6 million. The projected increase was due to parking rate adjustments and the addition of the LaSalle at 10th ramp. Actual 2003 2nd quarter operating revenues ended at 45% of budget. On-street meter revenues are projected to be slightly higher in 2003, than actual 2002, but both City and state parking and towing revenues are down significantly from 2002 levels. In 2003 operating revenues are budgeted at \$59.8 million and are projected to drop by \$8.5 million to \$51.3 million based on projections using 2001 and 2002 revenues. If additional revenues sources are not identified, or operating expenses and/or transfers are not adjusted to offset the decrease in revenue the City will have a growing negative cash balance in the parking fund.

Expenditures:

The 2003 budget contains an \$8.3 million transfer from the sales tax revenue for Convention Center parking facility-related debt and a transfer to the Target Center Area Fund in the amount of \$1.5 million. Budgeted transfers totaled \$5.5 million from MCDA for Tax Increment and Abatement revenue based on original parking facility finance plans. Transfers to the General Fund increased from \$10.6 million in 2002 to \$10.9 million in 2003. The increase in transfers to other funds did not have any offsetting revenue increases or expense reductions.

Debt Service:

The total debt service paid to date in principal for 2003 is \$3.7million and \$6.9 million in interest. In the 2003 budget the debt service includes funded capital projects for construction of the municipal parking ramps and this will continue to grow as new facilities are added to the system. The debt service for the parking fund increased by \$25 million with the sale of assessment bonds for the Walker Parking facility on 10/23/02.

City of Minneapolis, Minnesota
Municipal Parking Fund
Statement of Revenues and Expenditures
For Second Quarter/Years Ending 2003, 2002 and 2001

	Current Budget Year 2003	Projection 2003	For Period Ending 30-Jun-03	For Year Ending 2002	For Period Ending 30-Jun-02	For Year Ending 2001	For Period Ending 30-Jun-01
Operating Revenues:							
Off-Street Parking: City Owned	36,163,914	31,222,864	16,308,406	32,962,609	17,048,759	33,154,086	17,486,459
Off-Street Parking: State Owned	11,360,552	9,161,503	4,761,848	10,628,270	5,396,425	10,887,034	5,789,634
Towing	6,369,000	5,177,551	2,837,807	5,550,854	2,940,808	6,333,213	3,587,148
On-Street Meters	5,897,750	5,694,011	2,784,987	5,520,245	2,607,424	5,402,350	2,732,928
Total Operating Revenues	59,791,216	51,255,930	26,693,048	54,661,978	27,993,417	55,776,683	29,596,170
Operating Expenses:							
Off-Street Parking: City Owned-Direct Expenses	18,845,069	19,534,410	8,398,369	18,567,461	7,587,072	16,905,346	7,628,232
Off-Street Parking: State Owned-Direct Expenses	6,743,269	5,995,116	2,770,866	6,903,671	3,274,765	6,661,392	2,997,782
Towing	4,416,875	4,596,649	2,267,128	4,697,458	2,322,667	4,481,836	2,204,949
On-Street Meters	3,919,229	3,151,183	1,647,454	2,137,482	1,188,501	3,104,147	1,519,732
Other Operating Expenses	5,468,318	3,047,533	1,173,152	3,278,580	1,176,090	2,753,412	1,132,158
Total Operating Expenses	39,392,760	36,324,890	16,256,969	35,584,653	15,549,095	33,906,134	15,482,854
Operating Margin	20,398,456	14,931,039	10,436,078	19,077,326	12,444,322	21,870,549	14,113,316
Non-Operating Revenues/(Expenses)							
General Fund Transfer Out	(10,890,203)	(10,890,203)	(5,445,101)	(10,574,833)	(5,287,416)	(10,108,333)	(5,054,166)
Arena Reserve Transfer Out	(1,470,000)	(1,470,000)	(735,000)	(1,335,000)	(667,500)	(1,199,000)	(599,500)
Debt Service Transfer Out	(287,000)	(287,000)	(18,500)	(157,750)	(21,375)	(578,612)	(23,875)
Internal Service Fund Transfer Out	(76,165)	(76,165)	(38,082)	(91,155)	(45,578)	(64,857)	(32,429)
Sanitation Transfer Out	(146,000)	(146,000)	(73,000)	(146,000)	(73,000)	0	0
Parkboard & Other Transfer Out	0	0	0	0		(1,000,000)	
Total Transfers Out	(12,869,368)	(12,869,368)	(6,309,684)	(12,304,738)	(6,094,869)	(12,950,802)	(5,709,970)
Convention Center related facility Transfer	8,300,875	8,300,875	3,505,399	8,235,031	4,767,329	8,757,013	4,660,799
TI and MCDA Transfers In	5,505,063	5,505,063	3,024,975	4,596,790	2,656,815	4,878,657	1,000,000
Arbitrage Fund and Other Transfers In				4,004,367	4,004,367		0
Total Transfers In	13,805,938	13,805,938	6,530,374	17,071,188	11,428,511	13,635,669	5,660,799
Depreciation	(5,434,134)	(5,434,134)	(2,549,724)	(4,886,879)	(2,549,724)	(5,206,000)	(2,603,000)
Special Assessments	38,000	38,000	(384)	157,532	(1,489)	169,937	0
Interest	(14,020,369)	(14,020,369)	(6,955,177)	(13,204,590)	(6,681,044)	(14,289,553)	(4,871,728)
Other Non Operating Expenses	(180,000)	(180,000)	(8,129,820)	(17,330,804)	(7,289,539)	(22,341,194)	(5,626,733)
Other Non-Operating Income	650,250	650,250	7,800,816	16,779,495	5,204,419	18,905,691	1,448,887
Total Non-Operating Revenues (Expenses)	(18,009,683)	(18,009,683)	(9,613,599)	(13,718,797)	(5,983,737)	(22,076,251)	(11,701,746)
Net Income+/-	2,388,773	(3,078,643)	822,479	5,358,529	6,460,586	(205,702)	2,411,571
Significant Balance Sheet Items							
Operating Cash			10,151,073.80	14,537,401	35,660,480	741,000	14,678,817
Construction Cash			15,883,498.33	22,798,713	-	16,751,000	19,885,067
Bonds Payable			279,341,041.76	249,356,042	-	254,341,000	250,423,391
Total Balance Sheet Items			305,375,613.89	286,692,156	35,660,480	271,833,000	284,987,275
Note: Year ending 2000 contains a loan to internal service funds of \$7 million and 2001 a loan of \$16.8 million							
Significant Cash Flow Items							
Principal on debt	10,129,100	10,129,100	3,725,000	13,439,100	7,880,000	31,329,100	2,655,000
Capital Outlay	25,964,209	25,964,209	8,129,820	15,180,000	7,289,539	22,209,569	5,626,733